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## 1. INTRODUCTION AND OVERVIEW OF THE MUNICIPALITY

### 1.1 MAYOR'S FOREWORD

It is with great pleasure that I present the Annual Report on the activities of the Maphumulo Local Municipality for the financial year 1 July 2011 to 30 June 2012. The strategic priorities for the Maphumulo Local Municipality are set out in the integrated Development Plan (IDP), which was reviewed for this financial year 2011/2012 and will be revisited every year as prescribed by legislation. The IDP is the core document against which the Municipality's performance was measured in this Annual Report.

In order to ensure continuous and sustained development and service delivery within the municipal area, Maphumulo Municipality identified as few programs and projects that constituted the municipality's focus area during the year under review. These programs and projects fall under one or other of the national key performance areas for local government. The integration of these programs and projects was pursued during this planning and alignment cycle.

The following are the key performance areas (KPA's) that informed our programs and projects for the financial year 2011/12

- KPA 1: Institutional Development and Transformation
- KPA 2: Infrastructure Development and Service Delivery
- KPA 3: Financial Viability and Management
- KPA 4: Social and Local Economic Development
- KPA 5: Good Governance and Public Participation

The Municipality adopted a Vision and Mission that will provide direction for the municipality. Under the leadership of myself and that of the Council much progress has been made to accelerate service delivery in the municipal area. We are, therefore proud to present the achievements and challenges in this report in both financial and non-financial terms.

**Her Worship, the Mayor**

**Cllr. N.H. Ngcobo**



Honourable Mayor of  
Maphumulo Municipality  
**CLLR HN NGCOBO**

**"We are,  
therefore  
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## **1.2 ACTING MUNICIPAL MANAGER'S FOREWORD**

It is a great honour to present an Annual Report for 2011/2012. As Local Government we are at the core of service delivery, as a result the success and the failure of National and Provincial Government is measured against success or failure of each District or Local Municipality.

Consequently this places a huge pressure on Local Government because the community is not well informed of services that are expected to be provided by Local Municipality, versus services to be provided by District Municipality, Provincial and National Government, however these challenges are easily monitored through intergovernmental relationship that are known as Mayoral Forum, these are championed by the District municipalities and premier's forum.

The focus of Maphumulo Municipality is to create a good platform for Provincial and National Departments to accelerate service delivery. Based on the report we have received from the above mentioned Parastatals we believe that the Municipality is on a right track.

Maphumulo municipality ensures that the budget is properly aligned to the IDP. This results in a formulation of service delivery budget Implementation Plan (SDBIP) which is cascaded to various departments of the Municipality. The SDBIP helps to formulate the performance contracts for all Managers (Senior and Middle Managers). The Municipality is in a process of cascading down the performance system to certain staff.

We are also happy to announce that Maphumulo Municipality has been officially declared as a town. This will help to improve revenue base for the Municipality since we have been relying on grants from National and Provincial Treasury. It is well known that 99% of the land that municipality operates on belongs to Ngonyama Trust and Ngonyama Trust does not pay rates, as a result the municipality cannot collect money on properties that were identified during the implementation of Municipal Property Rates Act. The municipality wishes to extend appreciations to Provincial and National Department that are situated at Maphumulo Area for being up to date with their property rates.

During the past four years the municipality has been getting unqualified Audit opinion with matters of emphasis. We are now striving to get Unqualified Audit opinion with no matters of emphasis, to comply with a call from Auditor General, Minister of Co-operative Governance and Traditional Affairs to get clean Audit Report by 2014.

We wish to thank all the political parties which were involved during the audit process, particularly the ruling party through the Mayor the Speaker by ensuring that the municipality is operating properly. We also wish to thank the opposition parties for ensuring that their criticism were constructive. We also thank the staff, labour unions with the contributions they made, and appreciate all the service providers.

**Mr B.Ngubane**

**Acting Municipal Manager**



## 1. OVERVIEW OF PERFORMANCE MANAGEMENT IN MAPHUMULO LOCAL MUNICIPALITY 2011/12

This Performance management report is prepared in line with Section 46 of the Municipal Systems Act No 32 of 2000 which requires municipalities to report on their performance against their indicators and target in a financial year.

Section 46 stipulates the following:-

46. (1) A municipality must prepare for each financial year a performance report reflecting –
- (a) the performance of the municipality and of each external service provider during that financial year;*
  - (b) a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and*
  - (c) measures taken to improve performance.*

It is the intention of this performance report to provide a specific account of the successes, challenges and highlights that have occurred in respect of performance for the period under review. In this manner a clear indication will be provided as to the extent and degree to which the organization has met the strategic objectives as reflected in terms of the IDP and related performance objectives and targets.

The Performance tools were developed inline with Performance Management Framework document adopted by the municipality. Key performance indicators were re-developed in support of the municipality's development priorities and objectives set out in the IDP, for the duration of the IDP period, for consistency in measuring and reporting on long terms strategies and projects. Measurable performance targets with regard to each of these development priorities and objectives were established.

The Maphumulo municipality conducted a very successful PMS workshop for the EXCO, Council and Managers. During the workshop the PMS concepts, processes, underlying requirements and benefits were fully explained. This has led to improvement in terms of Performance Management Systems Implementation within the municipality; however there is still a room for improvement in terms of the governance processes.

This report seeks to detail the municipal performance by reflecting on the performance of each department addressing the five National Key Performance Areas.

## 2. SUMMARY OF PERFORMANCE HIGHLIGHTS

### 2.1 MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

The Municipality was able to train its employees as per requirements of its 2011/12 Workplace Skills Plan. This was done in order to provide skills and improve production of employees. The following categories of employees were trained:

- **Managers.....: 4**
- **Professionals.....: 7**
- **Technicians.....: 2**
- **Clerical Staff.....: 3**



The total cost of these trainings was R260 638. 86 of the budgeted R 443.239.00

Maphumulo municipal staff turnover is relatively low and our staff exhibits a high level of obedience and commitment. We associate that with the municipality's respectable and open-communication style of management.

The Municipality was able to also train all its councillors and exposed them to various workshops with an aim of improving their performance as councillors. No cases of misconduct were held against any councillor. The attendance at Council meetings was more than satisfactory. The municipality had a total of 6 council meetings sets as per scheduled in the municipal calendar. However the municipality held a total of 16 meetings, of which 5 were special meetings. The average attendance of meetings by councillors was 85%.

In order to improve governance, the Municipality has developed a number of institutional policies (*Namely: Land Acquisition and Disposal policy, Workplace Skills Policy, Burial Policy, Master Delegation Register, Fleet Policy, Oversight Decision making Framework, Virement policy, Information Technology policy*).

In order to improve service delivery, the municipality has filled a total of 7 posts of the 28 posts vacant on the organogram. The posts were not filled due to a council moratorium. However, the council has lifted the moratorium on a number of posts who were identified as being critical and they will be filled soon. The positions that were filled were that of the Deputy Chief Financial Officer, Performance Management Officer, 2 Thusong service centre consultants, Mayoral driver, Mayoral PA and Mayoral bodyguard.

The municipality strives to ensure equity and representation of previously disadvantaged individual more especially on disable individuals, women and youth in all its processes and functions. As a tool to achieve this, the Employment Equity Plan (EEP) was developed and presented to council for approval; however the council recommended that it be referred back to Human Resource development sub-committee and Local Labour Forum for inputs. That has been done and the EEP will then be presented to council for approval.

## 2.2 BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

Provision of basic services and development of infrastructure is one of the main government priorities. Recent community riots in various municipalities were based on poor service delivery dissatisfactions, therefore emphasising the need for all government entities (more especially the municipalities) to speed up and improve on provision of basic services.

In addressing the service delivery backlogs, the Maphumulo municipality identified and implemented various service delivery and infrastructural development projects. Samungu access road, Fundani access road, Construction of town hall and Mnyameni sports ground were some of the projects that the municipality implemented in 2011/12 financial year. These projects were funded on Municipal Infrastructure Grant (MIG) allocation which was R16 881 000. 00. It is worth mentioning that the municipality spent 100% of its allocated MIG budget therefore proving the municipal commitments on providing service delivery to the community of Maphumulo.

Maintenance of Municipal Community Halls, Municipal Roads and Sports field has been done with equitable share grant. Several Community halls, Municipal Roads and Sport fields were maintained during the 2011/12 financial year. The example of Community Hall that was maintained is Ezibandleni community hall, Magqibagqiba road is an example of the Municipal Road which was maintained, and Sabuyaze is an example of the sport field that was maintained.

A total of 1.8% of the total municipal operational budget has been spent on the repair and maintenance of the municipal buildings and infrastructure.





There is a huge electricity backlog within Maphumulo communities (74% as per Municipal Electrification Plan). In order to address this backlog, the municipality has identified the electrification projects at Ocheni, Mthandeni, KwaMxhosa, Maphumulo central and Kwashushu infills for implementation in 2012/13 financial year. This project will benefit 586 households. The municipality will continue to strive towards reducing electricity backlogs amongst its communities.

The municipality is also subsidising 2110 households with free basic electricity of which is given in a form of solar system. These indigent people get subsidised connection on a monthly basis.

Waste management in Maphumulo Municipality has improved significantly. The waste in Maphumulo Town is being collected every weekdays and disposed in a legal dumpsite. The integrated waste management plan has also been developed and sent to Minister of Agriculture, Environmental Affairs & Rural development for approval. The municipality's commitment to clean and safe environment has resulted in the Maphumulo municipality being awarded a voucher of R300 000,00 certificate and a trophy in the KZN Greenest Municipality competition finals held by Department of Agriculture and Environmental Affairs in March 2012. Maphumulo achieved position 1 within Ilembe district municipalities and went on represent the district at a provincial level. It then achieved 3<sup>rd</sup> position in the province.

The municipality is proud of this achievement as it's proves that there is progress and commitment towards meeting national standards on environmental issues.

Water and Sanitation meetings are attended monthly as scheduled by the District municipality. It is in these meetings whereby the municipality discuss and sensitise the district municipality on issues of water and sanitation shortages amongst Maphumulo communities.

Through Ilembe municipal district MIG funding, 1236 Maphumulo households have been provided with toilets in this financial year.

The Capital and infrastructural projects have been implemented in 7 municipal wards. These include roads, halls, and electricity projects. Some wards had buildings and sport field maintained.

### 2.2.1. HOUSING

Access to proper housing is still a challenge to most South Africans. The situation within Maphumulo communities is worst- with 70% of municipal citizens having no access to proper housing. The provision of decent and habitable houses for the community of Maphumulo requires interventions and partnership of various stakeholders.

Maphumulo municipality has managed to build more than 2600 houses by 2010/11 financial year. In 2011/12 financial year the municipality built 492 houses for the needy communities within various areas of Maphumulo. The municipality's commitment to building and providing quality houses to the community of Maphumulo has resulted in the employment of Building Inspector- whose responsibilities includes ensuring that quality is achieved.

The municipality has also submitted the stage1 and 2 applications for the Maqumbi, Qadi and Mkhonto housing projects to KZN department of Human settlement for approval.

The municipality partnered with the provincial Department of Human Settlement in the training programme which benefited 117 young people of Maphumulo. This training provided young people with building skills- as a result some of them have been employed in various housing projects within Maphumulo.

In partnership with the KZN Department of Arts and Culture, construction of Maphumulo library has recently commenced. This library will hugely benefit the Maphumulo youth and community in terms of accessing information. We anticipate that the construction of this library will be completed in June 2013.



### 2.3. FINANCIAL VIABILITY AND FINANCIAL MANAGEMENT

As a rural municipality, Maphumulo has a poor revenue base and is hugely dependant on grants. It is therefore important that the municipality ensures collection of all monies owed to it so as to improve revenue base and increased service delivery for Maphumulo community.

In its third year that the municipality has implemented Property Rates, it has managed to collect 89% of revenue (rates) owed to it.

However, there is a challenge on residential rates collection as 99% of the Maphumulo area is under the Ingonyama Trust land. The municipality has continuously billed the Ingonyama trust to pay rates on behalf of the leasee but has not been successful.

The only areas that the municipality managed to collect rates were the Government properties and Public Service Infrastructures (PSI).

The 2011/12 Budget that was aligned to IDP was approved on time and submitted to KZN Treasury and Cooperative Governance and Traditional Affairs (COGTA) as per the requirements of section 16 of the Municipal Finance Management Act (MFMA).

Statutory and mid-year reports (Section 71 and 72) were prepared and sent to Treasury.

The municipality's Supply Chain Management (SCM) unit under the finance section ensures the purchasing of goods and services in a competitive, fair and transparent manner. 50 black owned SMME's have benefited from municipal tenders as they were awarded tenders by the municipality. The municipality is working hard in ensuring that it fully complies with all SCM processes, legislations and regulations.

### 2.4. LOCAL ECONOMIC DEVELOPMENT

Underlying principles of Local economic development (LED) are job creation and poverty alleviation whereby local resources, skills and opportunities for development are utilized to the maximum.

Maphumulo Municipality is on a continuous process of laying a foundation for a sound regulatory, infrastructural, business environment, service delivery, public and market confidence by introducing sustainable LED initiatives, which create jobs and enterprise opportunities together with community investment programmes. More than 80 job opportunities have been created through LED and Capital works programme initiatives.

Good governance, exploitation of comparative and competitive advantage is the strength of this municipality in supporting a robust economy. Good relations developed between Maphumulo municipality and the Department of Economic Development and Tourism has led to training of 16 entrepreneurs who were provided with various skills. These trainings will enable them to start their businesses therefore improving local economy.

Social issues such as health, social grants, identity documents, and poverty are being addressed through the implementation of Sukuma Sakhe Flagship. This is the national initiative that brought new approach in integrating government and private services to combat poverty from 2009 onwards. Operation Sukuma Sakhe focuses on critical issues directly affecting communities such as food security and social ills amongst communities. In 2010/2011 financial year, the flagship was implemented only in wards 11, 6 and 2 which were identified as the most deprived wards. However, in the 2011/12 the programme has been rolled out in all wards of the municipality and has benefitted many households with various services.

Various Agricultural co-operations and organisations were assisted by the municipality with ploughing and cultivation of their fields/ gardens.

World Aids Day, HIV/AIDS Awareness Campaign, Youth Day, Campaign and Operation Mbo are the



activities that were collectively coordinated and implemented through which database of households living in poverty was developed; specific interventions relevant to poor households were identified and implemented.

In regards to representation and participation of various community sectors in municipal affairs, the municipality has established LED forum, youth, gender, and disability fora as well as sport council.

The municipality also managed to develop 177 local youth that participated in inter municipal games at district level. Some of those participants were selected to represent the district at SALGA games. In the next financial year, we are confident that our youth will participate in more sporting codes.

There is a challenge with disaster management resulted from lack of resources. The disaster management risk plan was not reviewed and disaster management campaigns were not held as a result of such challenges. However, coordination of stakeholders to respond to disastrous events is satisfactory as a 24hrs turnaround time response to disastrous event is always met when incidents were reported.

## 2.5. SPATIAL PLANNING

Maphumulo Municipality is among those that are predominantly rural in nature, being 99% of its land owned by Ingonyama Trust. The process of Development of the Municipal area has been facilitated by the enactment of the Planning and Development Act, Act 6 of 2008 (PDA). This Act became operational on the 1<sup>st</sup> of May 2010. This coincided with the development of Maphumulo Town which was earmarked to be of immense assistance to the local communities, saving them time and costs of travelling to neighbouring towns.

The municipality is currently busy with the formalisation of legal processes necessary for the town development. The starting point will be to amend the adopted Land Acquisition and Disposal policy which will provide methodology and procedures for the sale and letting of municipal land within the Maphumulo town.

The municipality is also in the process of developing Spatial Development Framework (SDF) which will be completed in December 2012.

The PDA requires all municipalities to have developed Land Use Management System (LUMS) by 2014. Maphumulo municipality has already started this process of anticipates that LUMS will be finalised by December 2012. In the next few months, the municipality will conduct community participation meetings in which the community will submit their inputs and comments. The scheme was presented to ward committees on 15 and 16 February 2012.

Other public participation events whereby the Maphumulo urban planning scheme will be introduced to the community are scheduled to take place by December 2012- of which the scheme will be presented to council for adoption thereafter.

The Municipality has partnered with its neighbouring municipalities (Mandeni and Ndwedwe) and the district in sharing the Expertise of Planners and Geographic Information Specialists. This has served a great deal in facilitating the planning developments of the Municipality. This arrangement has also resulted in saving the costs of the scarce skills and sharing these costs thereof.





## 2.6. GOOD GOVERNANCE AND COMMUNITY PARTICIPATION

The principles of Good Governance emphasize community inclusiveness and Public participation in all government activities therefore strengthening democracy and enhancement of public involvement. Municipal systems act requires municipalities to create a culture of public participation. Section 16 (1) states that: *"A municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance, and must for this purpose- (a) encourage, and create conditions for, the local community to participate in the affairs of the municipality..."*

In complying with this prescript, the municipality established ward committees system in which communities from all municipal wards nominate people to represent them. These people act as a link between the municipality and the community.

In order for ward committees to be effective in their duties, the municipality provided them with in-house trainings whereby all members participated. The aim was to provide them with skills on how to handle and deal with community issues- therefore improving their functioning.

Attendance of meetings by ward committee members is satisfactory but the municipality realizes that it needs to intervene in terms of ensuring that ward committee meetings are held as scheduled in the municipal ward committee calendar. On the 66 meetings that were scheduled for ward committees, only 6 meetings were held. This is not adequate but the municipality is committed in ensuring that that all ward committee meetings sits as per adopted schedule.

The municipality held 5 IDP community izimbizos. Community response and attendance to those izimbizo's was more than satisfactory and we attribute that to good relations that the municipality has with its communities.

The municipality commits itself to respond timely in all community complaints and suggestions. That resulted in the establishment of the municipal Rapid response task team which was established on August 16, 2011, and is composed of the Mayor (Chairperson), the Speaker and section 57 Managers.

Maphumulo municipality has taken an initiative of involving its community in all its activities. This is done by advertising all our programmes in a local newspaper which is published once a week and distributed free of charge. The municipality also makes use of loudhailers, flyers and notice boards to inform its community of all scheduled meetings.

## 3. PERFORMANCE AGAINST STRATEGIC OBJECTIVES - SDBIP

The following tables reflect the performance targets and achievements in relation to the previously achievements and also reflecting targets set for the 2011/2012 financial year:

## TABLES FOR MUNICIPAL ANNUAL PERFORMANCE REPORT 2011/12

### 3.1 ENGINEERING DEPARTMENT

BUDGET IMPLEMENTATION PLAN 2011/12- TECHNICAL SERVICES DEPARTMENT									
		FINANCIAL YEAR		2010/11	2011/12				
NATIONAL KPA	IDP OBJECTIVE	KEY PERFORMANCE AREA	OBJECTIVE	KPI's	ANNUAL ACTUAL	ANNUAL TARGET	ANNUAL ACTUAL	VARIANCE AND REASONS	CORRECTIVE ACTION
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	TO IMPROVE THE QUALITY OF LIFE OF THE COMMUNITY BY PROVIDING THEM WITH DECENT HOUSING AND ENSURE THAT EACH HOUSING PROJECT IS LINKED TO THE IMPROVED WATER SUPPLY, SANITATION, ROADS, HEALTH SERVICES AS WELL AS EDUCATION, COMMUNITY HALLS AND BASIC RECREATIONAL FACILITIES	WATER	To facilitate the provision of water from the Ilembe District municipality	Number of meeting held with the District to facilitate the provision of water	8	12 facilitation and monitoring meetings	3 facilitation and monitoring meetings	Clashing and cancellation of some meetings	To send a representative if and when the meetings clashes
		SANITATION	To facilitate the provision of sanitation from the Ilembe District municipality	Number of meeting held with the District to facilitate the provision of sanitation	8	12 facilitation and monitoring meetings	3 facilitation and monitoring meetings	Clashing and cancellation of some meetings	To send a representative if and when the meetings clashes
				Number of Household provided with new sanitation	No data	1400hh	1236 households	Contractor had technical problems	Construction of the outstanding sanitation will be completed before the end of September 2012
		ROADS AND STORMWATER	To improve the quality of life of the community by providing them with decent roads with storm water control	Number of km (in percentages) of gravel roads provided (Samungu)	5km	Construct 5 KM (100%)	55% of Samungu road	There were delays to introduce the contractor on site	Communications with contractor have been made to ensure that at least the work is completed before December 2012
				Number of km (in percentages) of gravel roads provided (Fundani Access Road)	12km	Construct 6 KM (100%)	80% constructed	The contractor had technical problems which resulted to delays to the project	Communications with contractor have been made to ensure that at least the work is completed before December 2012
		ELECTRICITY	To provide the community of Maphumulo with electricity	Number of Households with new electricity connections	No data	1462 households (hh)	No household connected but total work completed is 23%	The appointment of the contractor was delayed	Communications with contractor to speed up the work have been made



		To complete all internally funded capital projects (Construction of guardrooms, parking bays)	Stage of completion based on expenditure incurred	No data/ new measure	100% completion	0% completion. The council resolved to reallocate the funding of this project.	The council took a resolution to reverse and undertake this function in the 2012/13 financial year	This function will be undertook in 2012/13
	<b>MAINTANANCE OF ROADS</b>	To ensure the proper maintenance of the municipal infrastructure	Number of roads maintained	25 roads	55 roads	22 roads	Grader broken down	The advertisement for the contract of the service provider to fix the grader have been made to minimise delays in the fixing of the grader
	<b>MAINTANANCE OF SPORT GROUND</b>		Number of sports ground maintained	10	11	5 sport grounds maintained	Grader broken down	The advertisement for the contract of the service provider to fix the grader have been made to minimise delays in the fixing of the grader
	<b>MAINTANANCE OF COMMUNITY HALLS</b>		Number of community halls maintained	3	11 halls	12 halls maintained	N/A	N/A
	<b>CAPITAL WORKS PLAN (CWP) IN WARDS</b>	To ensure fair distribution of capital projects	Number of projects per municipality ward implementing CWP	11	6 wards	8 wards	Delays in other CWP projects	To implement outstanding CWP projects

### 3.2 HUMAN SETTLEMENT

BUDGET IMPLEMENTATION PLAN 2011/12- HUMAN SETTLEMENT									
NATIONAL KPA	IDP OBJECTIVE	FINANCIAL YEAR				2011/12			
		OBJECTIVES	KEY PERFORMANCE INDICATORS	ACTUAL TARGET ACHIEVED	2010/11	ANNUAL TARGET	ACTUAL ACHIEVED	VARIANCE AND REASONS	CORRECTIVE ACTION
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	PROVISION OF HABITABLE HOUSES FOR MAPHUMULO COMMUNITY	To improve the quality of life for the community by providing them with decent housing	Number of new houses to be constructed	2600		1500	492	Poor performance by the contractors	The department of Human settlement has been informed of this situation and a meeting with the contractor to find a way forward has been scheduled
		To hold housing forum meetings to discuss issues of housing	Number of meetings held	No data		12 meetings	1 meetings	Clashing of meetings	To send a representative if and when meetings clashes
		Submissions of applications for approval of Maqumbi, Qadi and Mkhonto rural housing project	Submitted and approved applications by KZN Human settlement department	New measure		Approved applications by KZN Human settlement	Stage 1 applications were approved. Stage 2 applications have been submitted to Human settlement for approval	N/A	N/A
		To assist in the quality of services rendered	Number of posts to be filled within the department	1		1	0	Council moratorium	The moratorium has been lifted and posts have been advertised
		To review a Housing sector plan	Progress towards reviewing the Sector plan and adoption by council	New measure		Adoption of plan by council	Housing sector plan has not been adopted by council	The Shared services personnel who was assisting with the development of housing sector plan resigned	A budget to undertake this function will be requested in the next financial year.
		To train housing beneficiaries on housing issues	Number of people to be trained	0		900	0	Housing administrator posts to undertake this function is vacant	To be undertaken pending the filling of Housing Administrator post
		Training youth on housing issues through funding from Department of Human Settlement	Number of youth to be trained on housing issues	100		100	117	N/A	N/A
		To improve the quality of life of communities through providing them with public facilities	Progress towards building and completing the library within the maphumulo area	New measure		1 Completed Library by deadline	Library construction has not started. Contractor has been recently appointed	There were delays in the appointment of the contractor	The contractor has been appointed and construction is on progress



### 3.3. COMMUNITY SERVICES

BUDGET IMPLEMENTATION PLAN 2011/12- COMMUNITY SERVICES DEPARTMENT									
					2010/11	2011/12			
NATIONAL KPA	IDP OBJECTIVE	KEY PERFORMANCE AREA	OBJECTIVES	KPI's	ANNUAL	ANNUAL TARGET	ANNUAL ACTUAL	VARIANCE AND REASONS	CORRECTIVE ACTION
SOCIAL AND LOCAL ECONOMIC DEVELOPMENT	TO PROMOTE LOCAL ECONOMIC DEVELOPMENT AND GROWTH ON MAPHUMULO THROUGH THE IDENTIFICATION AND FACILITATION OF ECONOMIC OPPORTUNITIES	LOCAL ECONOMIC DEVELOPMENT	To promote Local Economic Development and growth in Maphumulo through the identification and facilitation of economic opportunities	Number of projects identified in the LED strategy for funding.	0	2 funding proposals submitted to potential funders	2 funding proposals submitted to COGTA	N/A	N/A
				Number of jobs created through LED initiatives	Not measured/ no data	50 jobs	62 jobs	N/A	N/A
				Number of jobs created through Municipality's Capital Projects	Not measured/ no data	50 jobs	62 jobs	N/A	N/A
			Facilitation of local economic development	Number of meetings held by the LED forum	2	4 meetings	1 meeting	LED forum was established late	To ensure that LED forum are held as scheduled
	AGRICULTURE		Provision of support to local entrepreneurs	Number of Co-operatives assisted by the municipality to obtain funding (externally)	0	2	0	The departments did not invite applications for assistance of co-operatives	LED forum will be requested to consider cooperative funding as a standing item so as to easily identify cooperatives needing assistance
				Number of SMME's supported through various entrepreneur interventions	13	10	21 SMME's	N/A	N/A
			To source funding to implement to implement projects prioritised in the Agricultural Sector Plan (ASP)	Number of projects identified in the ASP for which funding have been sourced	0	1 project	0 project	Business plans for source funding were not developed due to management commitment	Funding will be sourced in the next financial year
			Provide managerial assistance in the operation of a nursery funded by COGTA	Number of reports on progress on the project	4	4 reports	4 reports	N/A	N/A



	<b>HIV/ AIDS</b>	Coordinate and participate in a structure that focuses on the HIV/ AIDS pandemic	Number of meetings held with HIV/AIDS council	2 meetings	4 meetings	1 meetings	Capacity constraints due to vacant position of HIV/AIDS coordinator who will assist with undertaking this function	The posts for HIV/ AIDS coordinator was advertised but has not been filled as yet
			Approved HIV/AIDS strategy by deadline	N/A	by 30 June 2012	HIV/AIDS strategy has not been approved but it is 80% developed.	Capacity constraints.	The development of the strategy will be finalised in the next financial year
		Participate in initiatives to address HIV/AIDS pandemic	Number of HIV/AIDS programmes coordinated by the Municipality to address the pandemic	1 event held	1	1 event (World AIDS day)	N/A	N/A
	<b>SPORT DEVELOPMENT</b>	Facilitate participation of Municipality in the KWANALOGA Games	Number of participants in the KWANALOGA games	260	400	177	The municipality did not participate in other sporting codes as earlier anticipated	To encourage local youth to participate in sport and to more especially consider other sporting codes
	<b>DAYS OF NATIONAL IMPORTANCE</b>	To make logistical arrangements for the commemoration of days of national importance	Number of events held to celebrate the days of national importance	1 event held	2 events held (Youth day/ World AIDS day)	2 event held (Youth day and World AIDS day).	N/A	N/A
	<b>PMS</b>	Timeous report to PMS	Timeous report to PMS	Report submitted late	by the 15th of every month	Submitted quarterly	N/A	N/A

### 3.4. CORPORATE SERVICES

BUDGET IMPLEMENTATION PLAN 2011/12- COMMUNITY SERVICES DEPARTMENT									
NATIONAL KPA	IDP OBJECTIVE	KEY PERFORMANCE AREA	OBJECTIVES	KPI's	ANNUAL ACTUAL	2010/11		2011/12	
						ANNUAL TARGET	VARIANCE AND REASONS	CORRECTIVE ACTION	
INSTITUTIONAL TRANSFORMATION AND DEVELOPMENT	TO TRANSFORM AND IMPROVE THE INSTITUTIONAL CHARACTER IN CAPACITY TO DELIVER SERVICES APPROPRIATELY AND EFFECTIVELY	LEGAL COMPLIANCE	Formulation and updating of institutional, human resources management policies for the municipality	Number of policies reviewed	8 policies	8 policies	6 policies reviewed and adopted by council	To develop policies in the next financial year. Posts have been advertised and we hope that will ease workload on the directorate.	
			Formulation and updating of bylaws by the municipality	Number of new bylaws developed and adopted by council	2 by-laws	4 by-laws developed and adopted by council	2 by-laws developed and adopted by council	Capacity constraints	
		PMS	To compile a service delivery and budget implementation plan as per the legislation	Progress towards the finalisation of the SDBIP 2011/2012	SDBIP approved by 15 August 2010	Approved SDBIP within legislative timeframes (28 days after final budget approval)	SDBIP not approved within 28 days timeframe as legislated.	Capacity and financial constraints	We are negotiating with COGTA to assist us with funds to undertake this function
			To ensure the signing of Performance Plans and agreements to MM & section 57 Managers	Number of signed agreements & plans by the deadline date	4 agreements and plans signed by 31 July 2010	3 performance agreements and plans signed by 31 July 2011	3 Performance agreements were signed before 31 July 2011 and kept at MM's office, but they could not be located.	Poor coordination	Measures to address this have been implemented. The SDBIP's for the 2012/13 has been adopted within the legislated time
			Section 46 report (Annual Performance Management report submitted by the deadline)	Submission by deadline	25-Aug-11	31-Aug-11	25-Aug-11	N/A	N/A
			To ensure the signing of performance Plans for Managers	Number of signed performance plans by deadline date	1 performance plans for managers signed	6 performance plans for managers signed	No performance plans signed	Poor coordination	This will be addressed in the next financial year
			To be able to monitor and improve performance	Number of reports on performance information submitted	4	4	4	N/A	N/A

<b>INSTITUTIONAL DEVELOPMENT</b>	Training of staff to improve their skills level in terms of the Workplace Skills Plan for the 2011/12 financial year	No. of staff trained	81 %	50	21	There was miscommunication with the budgeting department on the availability of training budget	The system adopted by the budgeting department to send budget spending to all HOD's will assist on this regard. Employees that were not trained will be priorities in the next financial year
	To develop a WSP for 2012/2013	WSP developed and adopted by Council before deadline date	Draft document finalised but not adopted yet	WSP finalised by 30 June 2011	WSP finalised and approved by Exco	N/A	N/A
		% WSP budget spent on training	80 %	100%	58.80%	There was miscommunication with the budgeting department on the availability of training budget	The system adopted by the budgeting department to send budget spending to all HOD's will assist on this regard.
	To fill vacant posts in the municipal organogram	Number of posts filled	No data/ new measure	28 posts to be filled	7 posts filled	Council moratorium	The council has lifted the moratorium and posts have been advertised
	To review and adopt the employment equity plan	Adopted EEP	EEP reviewed by March 2011	Reviewed and adopted EEP by 30 December 2011	EEP reviewed and presented to council but was not adopted as the council referred it back to LLF and HRD subcommittee	The council referred the EEP back to LLF and HRD subcommittee for compliance purposes	The EEP will be presented to council for adoption after it has been presented to LLF and HRD subcommittee as per council request



<b>RECORDS MANAGEMENT</b>	Put institutional arrangements in place for implementation of the records management systems	Records Officer appointed by deadline	No suitable candidate found	Appointment of Records officer by 30 Aug 2011	Records officer not appointed	Various posts have been priorities for filling but this one was not priorities	To communicate with the acting Municipal Manager in order to address this situation
		Procurement of the records management system by deadline date	N/A	Procure records management system by 9/30/2011	Records management system not procured	Vacant position of records officer to operate this system	To procure records system pending filling of records officer position
	Management of the Portfolio committee System of the Municipality	Progress in the implementation of the records management system	N/A	Fully functional Records management system	Records management not fully functional	Vacancy on the position of records officer	Records system functionality would improve pending filling of Records officer position
<b>SECRETARIAT AND ADMINISTRATION</b>	Compilation and approval of Schedule of meetings for the Municipality	Approved municipal calendar by deadline date	Not measured/ no date as target	Approved municipal calendar by 8/30/2012	Municipal calendar approved on 30th June 2012	N/A	N/A
	Provision of a secretariat for the operation of the Council and all Council Committees	Turnaround time for delivering agendas before schedule meetings.	48 hrs	48hrs	48hrs	N/A	N/A
	Provision of a secretariat for the operation of the Council and all Council Committees	Turnaround time for the completion of draft minutes after a meeting	No data/ new measure	3 days after the date of the meeting	3 days after the meeting	N/A	N/A

### 3.5. STRATEGIC SUPPORT SERVICES

BUDGET IMPLEMENTATION PLAN 2011/12- SUPPORT SERVICES DEPARTMENT									
FINANCIAL YEAR					2010/11	2011/12			
NATIONAL KPA	IDP OBJECTIVE	KEY PERFORMANCE AREA	OBJECTIVES	KPI's	ANNUAL ACTUAL	ANNUAL TARGET	ACTUAL ACHIEVED	VARIANCE AND REASONS	CORRECTIVE ACTION
SPATIAL DEVELOPMENT AND ENVIRONMENT	TO IMPROVE THE QUALITY OF NATURAL ENVIRONMENT AND PROMOTE CO-ORDINATED AND ORDELY SPATIAL DEVELOPMENT	MUNICIPAL PLANNING	To review the IDP in terms of the Municipal Systems Act and align it to the budget in terms of the Municipal Finance Management Act	Progress towards the review of the IDP for the 2012 / 2013 financial year (compliant with MSA & MFMA) by the deadline	IDP reviewed and adopted by 30 June 2011	Finalisation and approval of the IDP for the 2012/13 financial year by 30 June 2012	IDP approved on 15 June 2012	N/A	N/A
			To improve spatial structure and definition of urban functions within the Municipal area and to improve access to opportunities	Approval of the Spatial Development Framework	SDF adopted on 21 April 2011	SDF adoption by 31 March 2012	SDF not developed for adoption.	Service provider was appointed late due to non-functionality of bid committees	Service provider have been appointed and has started developing the SDF.
			Preparation & implementation of the Land Use Management Systems	Progress towards the development of the Land Use Management Systems	Not reviewed/ lack of funds	Approved Land Use Management System	Land Use Management System not approved .	There were delays in the public consultation process	Consultation process have been done and the land use management system will be adopted before the end of December 2012
			Development of the Land Disposal Policy	Progress towards the development of the Land Disposal Policy	Draft policy but not adopted yet	Approved Land Disposal Policy by 31 March 2012	Land Disposal Policy adopted on 21 October 2011	N/A	N/A
				Progress towards finalising the Land Audit	95%	Land audit finalised by deadline date (30/09/2011)	Land audit not finalised	Shortage of funds	Communications with COGTA to assist with funds to undertake this function have been made



### 3.6. GOOD GOVERNANCE AND PUBLIC PARTICIPATION

2011/12 BUDGET IMPLEMENTATION PLAN- GOOD GOVERNANCE AND PUBLIC PARTICIPATION									
		FINANCIAL YEAR		2010/11	2011/12				
NATIONAL KPA	IDP OBJECTIVE	KEY PERFORMANCE AREA	OBJECTIVES	KPI's	ANNUAL ACTUAL	ANNUAL TARGET	ANNUAL ACTUAL	VARIANCE AND REASONS	CORRECTIVE ACTION
PUBLIC PARTICIPATION AND GOOD GOVERNANCE	TO DEEPEN DEMOCRACY AND STRENGTHEN DEMOCRATIC INSTITUTIONS	SKILLS AUDIT FOR WARD COMMITTEES	To audit and analyse the skills for the ward committees, so as to assist in terms of filling the gaps with training provision	Number of ward committee members trained	110	110 ward committee members trained	110 ward committees trained.	N/A	N/A
		IZIMBIZO/IDP FORUM	Clustering of IDP Public Participation meetings at ward, representative forum and target groups meetings i.e Churches	Number of IDP Imbizo/Roadshow	2	2 Izimbizo	5 IDP Izimbizo's	N/A	N/A
		PUBLIC PARTICIPATION	To ensure that the Ward Committees are a recognised community participation structure through their inputs, submitted as minutes in their meetings	Number of community meetings held	4 IDP forum meetings	4 IDP Forum meetings	No. IDP Forum meetings but representative forums were part of IDP izimbizo's	Due to capacity constraints, the municipality held IDP forums together with IDP izimbizo's	Forum meetings to be held in the 2012/13 financial year
					New indicator	6 meetings	2 meetings	No agendas were forwarded by ward councillors to institute community meetings	To communicate with the Speaker in order to find a solution on this regard
				No. of ward committee meetings	New indicator	66 meetings	6 ward committee meetings held	Some of the ward committee meetings were scheduled but cancelled in the last minute due to quorum.	To communicate with Chairpersons of ward committees to ensure that all ward committees sits as scheduled in the next financial year





### 3.7. BUDGET & TREASURY DEPARTMENT

BUDGET IMPLEMENTATION PLAN 2011/12- BUDGET AND TREASURY									
FINANCIAL YEAR					2010/11		2011/12		
NATIONAL KPA	IDP OBJECTIVE	KEY PERFORMANCE AREA	OBJECTIVES	KPI's	ANNUAL ACTUAL	ANNUAL TARGET	ANNUAL ACTUAL	VARIANCE AND REASONS	CORRECTIVE ACTION
FINANCIAL MANAGEMENT AND VIABILITY	TO IMPROVE ORGANISATIONAL DEVELOPMENT CAPACITY OF THE MUNICIPALITY TO RENDER EFFECTIVE SERVICE DELIVERY	FINANCIAL STATEMENTS	To submit Annual financial statements to Auditor General	Acceptance by AG of submission	AFS submitted to AG on 31 August 2010	AFS submission to AG on 31 August 2010	AFS submitted to AG ON 31 August 2011	N/A	N/A
		BUDGET PROCESS & IDP ALIGNMENT	To have a municipal budget approved that is linked to the IDP and submitted to Provincial and National Treasury	Approved budget by 31 May 2012	Budget approved by 21 April 2011	Approved annual budget	Final budget approved on 25 May 2012	N/A	N/A
		INDIGENT REGISTER	To compile and have an approved indigent register for implementation	Approved indigent register for Maphumulo Municipality	Indigent register not approved	Indigent register in place	Indigent register not yet finalised for approval	There was a delay to advertise for the service provider to assist the municipality in developing the indigent register	Advert for the service provider to undertake this function have been made and service provider will be appointed soon
		REVENUE ENHANCEMENT	To enhance revenue and ensure financial viability and sustainability for Maphumulo Municipality	% revenue collected	65.20%	30%	89%	N/A	N/A
		DEBTORS MONITORING	To monitor the financial viability of the Maphumulo Municipality by assessing the recoverability of amounts with our debtors	Outstanding Debtors to Revenue as defined in the Municipal Planning and Performance Management Regulations (2001) (A=B/C)	No data	30%	89%	N/A	N/A

	<b>CREDITORS</b>	To pay creditors within 30 days	Number of days to pay creditors	No data	30 days	35 days	Creditors submitting wrong or incomplete information lead to delays on payments	The SCM has developed a register that they use to follow up on invoices with wrong information
	<b>AUDITOR GENERAL'S REPORT</b>	To obtain an Unqualified Audit Report	Unqualified audit report	Unqualified audit report obtained	Unqualified report	Unqualified audit report	N/A	N/A
	<b>BUDGET MONITORING</b>	To inform all departments monthly about their budget usage	Proof of submissions to HOD's	12 reports submitted	12 submissions	9 submissions	Commitments on the departmental staff	To ensure that all HOD's receive their monthly budget spending on time in the next financial year
	<b>CASH FLOW MONITORING</b>	To have sufficient cash to meet financial obligations and to have surplus cash invested	Bank reconciliations are compiled monthly and to submit cash withdrawals to Treasury on a quarterly basis	12 bank statements compiled and submitted to treasury	12 signed bank reconciliations and 1 withdrawal from bank account	12 bank reconciliations and cash withdrawals submitted to Treasury	N/A	N/A
	<b>EXTERNAL REPORTING</b>	To submit statutory reporting to National and Provincial Treasury and other state agencies	Number of reports submitted to National and Provincial Treasury	12 reports	12 section 71 reports submitted to Provincial Treasury	12 section 71 reports submitted	N/A	N/A
	<b>FINANCIAL REPORTING</b>	To manage the working capital effectively	Number of reports submitted to Finance Portfolio Committee	0 reporting	12 reports	5 reports submitted to FPC	FPC meetings where the quarterly reports were to be tabled did not sit as scheduled	To submit financial reports pending the sitting of FPC
	<b>DEPARTMENTAL MEETINGS</b>	To conduct monthly departmental meetings	Number of meetings to be held	12 meetings	12 meetings held	6 meetings held	Management commitment	Staff meetings will be held as scheduled in the 2012/13 financial year

	<b>CONDITIONAL GRANTS</b>	To reconcile conditional grants on its use	Number of DoRA reports submitted	12 reports	submissions of 12 reports	7 DORA reports submitted	N/A	N/A
	<b>MID-YEAR REPORT (Sec 72)</b>	To consolidate the Mid-Year Report for submissions to Treasury	Date of submission of the Mid-year report to Treasury, AG & LG	Mid-year report submitted on 25 January 2011	Jan-12	Mid- year report submitted On 25 January 2012	N/A	N/A
	<b>RESOLVE AUDIT QUERIES</b>	To resolve all queries raised by the AG within a reasonable time after audit	Timeous response to audit queries	New measure/ no data	Address AG queries by June 2012	Action plan developed and AG queries addressed on a continuous basis	N/A	N/A
	<b>RISK MANAGEMENT</b>	To review risk management plan annually	Review of Risk Management Plan	New measure/ no data	Annual approval	Risk management plan not approved	There was a delay in the formation of the risk management committee which would be responsible for the development of the Risk management plan	Risk management plan will be submitted to council for approval in the 2012/13 financial year
	<b>AUDIT COMMITTEE</b>	To ensure that the Audit committee sits for financial review of the municipality	Number of meetings held	New measure/ no data	4 meetings	4 meetings	N/A	N/A
	<b>PMS</b>	To ensure proper reporting on performance through PMS monthly reports	Timeous submission of the performance monthly reports	Monthly reports submitted on quarterly basis	Submission before the 15th of every month	Submitted quarterly	N/A	N/A
	<b>WEBSITE</b>	To ensure that the website is updated with municipal information	Frequency of updating the information on the website	New measure/ no data	12 times	14 times	N/A	N/A

### 3.8 SUPPLY CHAIN MANAGEMENT

BUDGET IMPLEMENTATION PLAN 2011/12- SUPPLY CHAIN MANAGEMENT									
NATIONAL KPA	IDP OBJECTIVE	KEY PERFORMANCE AREA	OBJECTIVE	FINANCIAL YEAR		2011/12			
				KPI's	ANNUAL ACTUAL	ANNUAL TARGET	ANNUAL ACTUAL	VARIANCE AND REASONS	CORRECTIVE MEASURE
FINANCIAL MANAGEMENT AND VIABILITY	TO IMPROVE THE ORGANISATIONAL DEVELOPMENT CAPACITY OF THE MUNICIPALITY TO RENDER EFFECTIVE SERVICE DELIVERY	SUPPLY CHAIN MANAGEMENT	To report on Treasury on SCM activities	Number of reports submitted to Treasury	No data	12	0	Problems with the Treasury website as reports do not go through	This problem have been regularly reported to treasury and they have indicated that a new system will be installed
			To manage SCM so that all institutional systems are in place and procurement and disposal take place in terms of the MFMA and the SCM policy	Number of Black owned SMME's awarded the tenders by the Municipality	58	72	50	Sometimes the services that the municipality requires are not offered by the local service providers which therefore forces the municipality to appoint service providers from outside the municipal boundaries	Workshop with local service providers have been held to improve their ability to compete with other service providers.
				Frequency of updating the suppliers database	4 times	4 times a year	8 times a year	N/A	N/A
				Turnaround time for responding and delivering on requisitions submitted	15 working days	14 days	15 working days	Shortage of staff in the SCM unit as it have only 1 permanent employee and an intern	This will improve pending the employment of more SCM staff
				% Compliance with the SCM policy (Deviations)	100%	100% compliance with SCM policy.	80% compliance	Shortage of staff in the SCM unit as it have only 1 permanent employee and an intern	This will improve pending the employment of more SCM staff
				Turnaround time for Bid Adjudication Committee to consider tenders	15 working days	15 working days	20 working days	Shortage of staff in the SCM unit as it have only 1 permanent employee and an intern	This will improve pending the employment of more SCM staff
PMS REPORTING		PMS	PMS REPORTING	Timeous reporting to performance unit	New indicator	by 15th of every month	Submitted quarterly	N/A	N/A

### 3.9 THUSONG CENTRE

BUDGET IMPLEMENTATION PLAN 2011/12- MPCC/ THUSONG CENTRE									
FINANCIAL YEAR				2011/12					
NATIONAL KPA	IDP OBJECTIVE	KPA	OBJECTIVE	KPI	2010/11 ANNUAL ACTUAL	ANNUAL TARGET	ACTUAL ACHIEVED	VARIANCE AND REASONS	CORRECTIVE ACTION
SOCIAL AND LOCAL ECONOMIC DEVELOPMENT	PROVISION OF SOCIAL FACILITIES AND SERVICES	RECREATION	PROVISION OF SOCIAL FACILITIES AND SERVICES	Progress towards advertising the theatre and the community centre in the MPCC	No official opening yet	Official opening of the centre	Official opening not yet done	COGTA department have not yet provided the assistance that they promised to provide on this regard	Communications with COGTA have been made and they have indicated that this function will be undertaken in the 2012/13 financial year
				Development plan for the centre presented to council by deadline date	New measure	Development plan in place by 30 March 2012	Development plan adopted.	N/A	N/A
				Functioning postbox for the centre	New measure	Postbox by 30 April 2012	Functioning post box for Thusong centre has been opened	N/A	N/A
				Signed Service Level Agreements with tenants (Government departments and sector departments)	New measure	SLA signed within 10 days with all government and sector departments in the centre	No SLA signed	N/A	N/A
				Turnaround time for responding to tenants' issues	24 hrs	Respond within 24 hrs	Responded within 24 hrs	N/A	N/A
				The number of community Hall bookings	86 bookings	80 bookings	65 bookings	There were tenants that we were hoping would sign their lease but they did not	Communications with other prospective tenants are being made
				Number of meetings held to discuss issues of community services (MPCC)	New measure	4	0 meetings	MPCC tenants structure is non functional	Efforts have been made to establish a new structure
				Number of reports submitted by MPCC to MANCO meetings	0 reports	4	0 reports	Management commitments	Reports will be presented in the next quarter
				Progress towards the development and adoption of the MPCC policy	Draft not adopted	Developed and adopted policy	Policy not adopted as yet	There were delays in the development of the policy.	Policy have been developed and will be presented to council for adoption before end of September 2012
				Timeous reporting to PMS unit	New measure	by the 15th of every month	PMS reports submitted quarterly	N/A	N/A





## 4. ORGANISATIONAL CHALLENGES

1. Poor records management system which might lead to missing of important documents
2. Lack of staff in critical posts leading to most departments being unable to effectively perform their duties
3. Performance Management Systems process not fully implemented- SDBIP's not signed within the prescribed period as stipulated in section 53 (1) of the MFMA
4. Heads of departments not relating their departmental targets/ SDBIP's to their subordinates
5. Poor revenue base- as a result the municipality solely depends on grants offered by National and Provincial departments
6. Challenges in attracting investors
7. The topography of the area makes it difficult to render effective service delivery to the communities as speedily as possible.

## 5. MEASURES OF IMPROVEMENT

1. The municipality has adopted various policies that will enhance good governance.
2. Municipality is in the process of developing indigent register
3. Thusong centre is being rented out to tenants, therefore generating income for the municipality.
4. Revenue collection rates has tremendously improved
5. Town register and land use management scheme (urban scheme) is being developed for formalisation of Maphumulo town.
6. The Municipality has partnered with iLembe Shared Service in order to address the issue of shortage of skills. The skilled individuals are shared between Municipalities.
7. Various community representative forums have been established to ensure representation of all stakeholders in municipal affairs.

## 6. PERFORMANCE OF THE SERVICE PROVIDERS

The municipality employed various service providers to provide various skills and resources that the municipality has no adequate capacity to undertake. Some of the service outsourced by the municipality includes cleaning services, security services and maintenance. The internal audit and Information Technology services were also outsourced. Performance of these service providers was constantly monitored to ensure that they render services in a satisfactory manner and quality is not compromised. Timely signing of Service Level Agreements will contribute to the enhancement of services offered.



## 7. PERFORMANCE TOOLS DEVELOPED FOR INCORPORATION OF THE PLANNED PRIORITIES IN 2012/13.

The following monitoring tools for consistency have been developed and approved for 2012/13 financial year:

- A. **ORGANISATIONAL SCORECARD 2012/13**
- B. **SDBIP FOR 2012/13**



### Section 1.4: Global figures

<b>1.4.1 Total anticipated no of employees on:</b>	<b>60</b>	<b>1.4.2 Total anticipated payroll amount (on which levy payment is based) for:</b>	
#REF!		#REF!	
<b>Of the total anticipated number of employees, how many will be:</b>			
<b>1.4.3 Persons with disabilities</b>	<b>3</b>	<b>1.4.4 Casual workers</b>	<b>4</b>
<b>1.4.6 Part-time Councillors</b>	<b>21</b>	<b>1.4.7 Full-time (salaried) Councillors</b>	<b>22</b>
		<b>1</b>	
<b>1.4.9 Number of skills development facilitators, including primary SDF</b>			<b>1</b>

### Section 1.5: Proposed expenditure on training - Municipal Employees

Proposed expenditure on training (excluding subsistence & travel) for the period:

#REF!

**Note the SALGA HRD conference resolution (10-14 March 2006) which encourages municipalities to budget and spend on training more than the 1% stipulated in legislation.**

Source	Amount to be spent	Comment/Notes
Mandatory grant funds		
Discretionary grant funds		
Municipal Training over and above levy payments		
Donor funds		
SALGA or Trade Unions		
Government department funds (MIG, EPWP etc)		
Bursaries and/or Educational Assistance Programmes		
Loan funding to the Municipality (for capacity building)		
Other (specify)		
<b>TOTAL to be spent</b>	<b>R 0.00</b>	
<b>TOTAL anticipated Levy Payment</b>	<b>R 0.00</b>	

### Section 1.6: Proposed expenditure on training - unemployed people

Source	Amount to be spent	Comment/Notes
Municipal funds		
Donor funds		
Other (specify)	Financial Management Grant	
<b>TOTAL to be spent</b>	<b>R 0.00</b>	

## Section 4: Employment profile

Section 4.1: Total number of employees in the enterprise as at: #REF!

Do not enter 0 into the fields below - only use a field if the number is 1 or greater.

Code	Employment category	Race										Age categories										PWD								
		African		Coloured		Indian		White		Total		- 20		21-30		31-40		41-50		+ 51		Total		M	F	Total				
		M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F									
SOC 100 Legislators																														
	Executive Mayor										0	0	0										0	0	0				0	
	Mayor		1								0	1	1										0	1	1				0	
	Local Government Legislators (Councillors)	15	6								15	6	21			3	1	2	2	3	7		15	6	21				0	
	Traditional Leaders & Heads of Villages										0	0	0										0	0	0				0	
	Other (specify below)																													
	Ward Committee Members										0	0	0																	
											0	0	0										0	0	0				0	
SUB-TOTALS		15	7	7	0	0	0	0	0	0	15	7	22	0	0	3	1	3	2	2	4	7	0	15	7	22	0	0	0	0

SOC 100 Directors and Corporate Managers																									
11131	City/Municipal Manager	1																							
11133	General Managers																								
1211	Corporate Services Managers	1																							
1212	Finance Managers	3	1																						
1213	Human Resource Managers																								
1214	Policy and Planning Managers																								
1221	Engineering Managers	1																							
1222	Construction Managers																								
1231	ICT Managers																								
1251	Health, Welfare and Education Service Managers																								
12922	Commissioned Fire Officer																								
12923	Commissioned Police Officer (Metro/Traffic Police)																								
12991	Laboratory Managers																								
12992	Environment, Parks and Land Care Managers																								
12993	Sports Administrator or Manager																								
12994	Arts Administrator or Managers																								
1491	Sport and Recreation Managers																								
1492	Customer Services Managers	1																							
	Other (specify below)																								
	Community Services & Housing	2																							
SUB-TOTALS		9	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

SOC 200 Professionals																			
Corporate Services	Core Admin	2	2																
	Core Finance	2	2										1	2	1			2	2
	Legal																	0	0
	IT																	0	0
	Procurement																	0	0
HR and Training		1	1															1	1
Financial Services	Property Valuation																	0	0
	Rates																	0	0
	Billing																	0	0
	Client Services																	0	0
Community Services	Parks																	0	0
	Community Facilities																	0	0
	Libraries																	0	0
	Recreation Centres																	0	0
	Primary Health Care Facilities																	0	0
	Cemeteries																	0	0
Environmental Management																	0	0	
Legal	Pollution Control																	0	0
	By-laws																	0	0
Emergency Services	Licensing																	0	0
	Fire & rescue																	0	0
	Disaster Planning and Management																	0	0
Community Safety	Public Safety																	0	0
	Traffic Management																	0	0
Public Transport																		0	0
Municipal Planning	LED/IDP/Urban Planning																	0	0
	Land use management																	0	0
Housing																		0	0
Technical Services	Roads and Stormwater																	0	0
	Solid Waste and Landfill																	0	0
	Water supply and waste water																	0	0
	Electricity																	0	0
	SUB-TOTALS	5	5	5	0	0	0	0	0	0	0	2	5	3	0	0	0	0	5

SOC 300 Technicians and Trade Workers																										
Corporate Services	Core Admin																									
	Core Finance																									
	Legal																									
	IT																									
HR and Training	Procurement																									
Financial Services	Property Valuation																									
	Rates																									
	Billing																									
	Client Services																									
Community Services	Parks																									
	Community Facilities																									
	Libraries																									
	Recreation Centres																									
Environmental Management	Primary Health Care Facilities																									
	Cemeteries																									
	Environmental Health																									
	Pollution Control																									
Legal	By-laws																									
	Licensing																									
	Fire & rescue																									
	Disaster Planning and Management																									
Community Safety	Public Safety																									
	Traffic Management																									
Public Transport																										
Municipal Planning	LED/IDP/Urban Planning																									
	Land use management																									
Housing/Building Inspector																										
Technical Services	Roads and Stormwater																									
	Solid Waste and Landfill																									
	Water supply and waste water																									
	Electricity																									
SUB-TOTALS		3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0



SOC 400 Community and Personal Service Workers																										
Corporate Services	Core Admin																									
	Core Finance																									
	Legal																									
	IT																									
	Procurement																									
HR and Training																										
Financial Services	Property Valuation																									
	Rates																									
	Billing																									
	Client Services																									
Community Services	Parks																									
	Community Facilities																									
	Libraries																									
	Recreation Centres																									
	Primary Health Care Facilities																									
	Cemeteries																									
	Environmental Health																									
Environmental Management	Pollution Control																									
	By-laws																									
Legal	Licensing																									
	Fire & rescue																									
Emergency Services	Disaster Planning and Management																									
	Public Safety																									
Community Safety	Traffic Management																									
Public Transport																										
Municipal Planning	LED/IDP/Urban Planning																									
	Land use management																									
Housing																										
Technical Services	Roads and Stormwater																									
	Solid Waste and Landfill																									
	Water supply and waste water																									
	Electricity																									
SUB-TOTALS		2	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

SOC 500 Clerical and Administrative Workers																								
Corporate Services	Core Admin		4	4																				
	Core Finance		2	5																				
	Legal																							
	IT		1																					
	Procurement																							
HR and Training																								
Financial Services	Property Valuation																							
	Rates																							
	Billing																							
	Client Services																							
	Parks																							
Community Services	Community Facilities		1	1																				
	Libraries																							
	Recreation Centres																							
	Primary Health Care Facilities																							
	Cemeteries																							
Environmental Management	Environmental Health																							
	Pollution Control																							
	By-laws																							
Legal	Licensing																							
	Fire & rescue																							
Emergency Services	Disaster Planning and Management																							
	Public Safety																							
Community Safety	Traffic Management																							
Public Transport																								
Municipal Planning	LED/IDP/Urban Planning																							
	Land use management																							
Housing																								
Technical Services	Roads and Stormwater		1																					
	Solid Waste and Landfill																							
	Water supply and waste water																							
	Electricity																							
SUB-TOTALS			9	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0







## Section 4: Employment profile

## Section 4.2: Number of new recruits employed during the year ending

#REF!

Do not enter 0 into the fields below - only use a field if the number is 1 or greater.

Employment category	Race										Age categories										PWD						
	African		Coloured		Indian		White		Total		- 20		21-30		31-40		41-50		+ 51		Total		M	F	Total		
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F				M	F
SOC 100 Legislators									0	0	0											0	0	0		0	
SOC 100 Directors and Corporate Managers	2								2	0	2				1							2	0	2		0	
SOC 200 Professionals	1								1	0	1		1									1	0	1		0	
SOC 300 Technicians and Trade Workers									0	0	0											0	0	0		0	
SOC 400 Community and Personal Service Workers									0	0	0											0	0	0		0	
SOC 500 Clerical and Administrative Workers	3	3							3	3	6		2	1	1	2						3	3	6		0	
SOC 700 Machine Operators and Drivers	1								1	0	1								1			1	0	1		0	
SOC 800 Labourers									0	0	0											0	0	0		0	
Apprentices									0	0	0											0	0	0		0	
TOTALS	7	3	0	0	0	0	0	0	7	3	10	0	0	3	1	2	2	1	0	1	0	7	3	10	0	0	

## Section 4: Employment profile

## Section 4.4: Number of interns given structured work experience during the year ending

Note: Interns are NOT part of the New Recruits category, nor are they included in the total number of employees in the enterprise.

Do not enter 0 into the fields below - only use a field if the number is 1 or greater.

#REF!

LGSETA Scarce Skills Areas highlighted in RED

Work area															
African	Coloured		Indian		White		Total		Total	PWD		Total			
	M	F	M	F	M	F	M	F		M	F				
Corporate Services									0	0		0	0		
	3	1							3	1	4		0		
									0	0	0		0		
									0	0	0		0		
									0	0	0		0		
HR and Training									0	0	0		0		
Financial Services									0	0	0		0		
									0	0	0		0		
									0	0	0		0		
									0	0	0		0		
Community Services									0	0	0		0		
									0	0	0		0		
									0	0	0		0		
									0	0	0		0		
									0	0	0		0		
									0	0	0		0		
Environmental Management									0	0	0		0		
									0	0	0		0		
									0	0	0		0		
Legal									0	0	0		0		
									0	0	0		0		



Emergency Services	Fire & rescue												0	0	0				0
	Disaster Planning and Management												0	0	0				0
Community Safety	Public Safety												0	0	0				0
	Traffic Management												0	0	0				0
Public Transport													0	0	0				0
Municipal Planning	LED/IDP/Urban Planning												0	0	0				0
	Land use management												0	0	0				0
Housing													0	0	0				0
Technical Services	Roads and Stormwater												0	0	0				0
	Solid Waste and Landfill												0	0	0				0
	Water supply and waste water												0	0	0				0
	Electricity												0	0	0				0
Other (specify below)																			
TOTALS		3	1	0	0	0	0	0	0	0	0	0	3	1	4	0	0	0	0

#### Summary Intern Data

Interns as a % of total employees	4.88%
Total interns in LGSETA Scarce Skill priority areas	4
Interns in LGSETA Scarce Skill priority areas as a % of total interns	100.00%

## Section 4: Employment profile

## Section 4.5: Number of 18.2 learners given structured work experience during the year ending

#REF!

Note: 18.2 Learners are UNEMPLOYED people who are working at the Municipality as part of a LEARNERSHIP

Do not enter 0 into the fields below - only use a field if the number is 1 or greater.

Work area	African		Coloured		Indian		White		Total		Total		PWD		Total
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	
Corporate Services	Core Admin								0	0	0	0			0
	Core Finance	1	2						1	2	3				0
	Legal								0	0	0				0
	IT								0	0	0				0
	Procurement								0	0	0				0
HR and Training									0	0	0				0
Financial Services	Property Valuation								0	0	0				0
	Rates								0	0	0				0
	Billing								0	0	0				0
	Client Services								0	0	0				0
Community Services	Parks								0	0	0				0
	Community Facilities								0	0	0				0
	Libraries								0	0	0				0
	Recreation Centres								0	0	0				0
	Primary Health Care Facilities								0	0	0				0
	Cemeteries								0	0	0				0
Environmental Management	Environmental Health								0	0	0				0
	Pollution Control								0	0	0				0

Legal	By-laws														0	0	0				0
	Licensing														0	0	0				0
Emergency Services	Fire & rescue														0	0	0				0
	Disaster Planning and Management														0	0	0				0
Community Safety	Public Safety														0	0	0				0
	Traffic Management														0	0	0				0
Public Transport															0	0	0				0
Municipal Planning	LED/IDP/Urban Planning														0	0	0				0
	Land use management														0	0	0				0
Housing															0	0	0				0
Technical Services	Roads and Stormwater														0	0	0				0
	Solid Waste and Landfill														0	0	0				0
	Water supply and waste water														0	0	0				0
	Electricity														0	0	0				0
Other (specify below)																					
TOTALS															0	0	2	3	0	0	0

#### Summary 18.2 Learner Data

18.2 learners as a % of total employees	3.66%
Total 18.2 learners in LGSETA Scarce Skill priority areas	3
Interns in LGSETA Scarce Skill priority areas as a % of total interns	100.00%

#### Section 4: Employment profile

#### Section 4.6: Number of employees who left the enterprise in the year ending #REF!

Do not enter 0 into the fields  
below - only use a field if the  
number is 1 or greater.

Employment category	Race								Age categories												PWD		Reason												Total						
	African		Coloured		Indian		White		Total		- 20		21-30		31-40		41-50		+ 51		Total		M	F	Resigned		Retired		Retrenched		Medical grounds			Dismissed				Death			
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F			
SOC 100 Legislators																																									
SOC 100 Directors and Corporate Managers	1																																								
SOC 200 Professionals																																									
SOC 300 Technicians and Trade Workers																																									
SOC 400 Community and Personal Service Workers																																									
SOC 500 Clerical and Administrative Workers	2	1																																							
SOC 700 Machine Operators and Drivers																																									
SOC 800 Labourers																																									
Apprentices																																									
TOTALS	3	1	0	0	0	0	0	0	3	1	4	0	0	0	2	1	1	0	0	0	3	1	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

#### Summary Data

Employees who left as a % of total employees	4.88%
--	-------

# REPORTING - Annual Report Only

## Section 12: Number of beneficiaries trained during the Financial Year

#REF!

Do not enter 0 into the fields below - only use a field if the number is 1 or greater.

Code	Employment category	Race								Age categories												PWD																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																		
		African		Coloured		Indian		White		Total		Total		+ 51		Total		M	F	Total																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																				
		M	F	M	F	M	F	M	F	M	F	M	F	M	F																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																									
SOC 100 Legislators																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																								
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SOC 100 Directors and Corporate Managers																									
11131	City/Municipal Manager	1																							
11133	General Managers																								
1211	Corporate Services Managers	1																							
1212	Finance Managers	4	1																						
1213	Human Resource Managers																								
1214	Policy and Planning Managers																								
1221	Engineering Managers																								
1222	Construction Managers																								
1231	ICT Managers																								
1251	Health, Welfare and Education Service Managers																								
12922	Commissioned Fire Officer																								
12923	Commissioned Police Officer (Metro/Traffic Police)																								
12991	Laboratory Managers																								
12992	Environment, Parks and Land Care Managers																								
12993	Sports Administrator or Manager																								
12994	Arts Administrator or Managers																								
1491	Sport and Recreation Managers																								
1492	Customer Services Managers																								
	Other (specify below)																								
	Community Services & Housing	2																							
SUB-TOTALS		8	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

SOC 200 Professionals																			
Corporate Services	Core Admin	1	1															1	1
	Core Finance	1	2															1	2
	Legal																	0	0
	IT																	0	0
	Procurement																	0	0
HR and Training		1	1															1	1
Financial Services	Property Valuation																	0	0
	Rates																	0	0
	Billing																	0	0
	Client Services																	0	0
Community Services	Parks																	0	0
	Community Facilities																	0	0
	Libraries																	0	0
	Recreation Centres																	0	0
	Primary Health Care Facilities																	0	0
	Cemeteries																	0	0
Environmental Management	Environmental Health																	0	0
	Pollution Control																	0	0
Legal	By-laws																	0	0
	Licensing																	0	0
Emergency Services	Fire & rescue																	0	0
	Disaster Planning and Management																	0	0
Community Safety	Public Safety																	0	0
	Traffic Management																	0	0
Public Transport																		0	0
Municipal Planning	LED/IDP/Urban Planning																	0	0
	Land use management																	0	0
Housing																		0	0
Technical Services	Roads and Stormwater																	0	0
	Solid Waste and Landfill																	0	0
	Water supply and waste water																	0	0
	Electricity																	0	0
SUB-TOTALS		3	4	0	0	0	0	0	0	0	1	4	2	0	0	0	0	3	4
																		7	0

SOC 300 Technicians and Trade Workers																										
Corporate Services	Core Admin																									
	Core Finance																									
	Legal																									
	IT																									
	Procurement																									
HR and Training																										
Financial Services	Property Valuation																									
	Rates																									
	Billing																									
	Client Services																									
Community Services	Parks																									
	Community Facilities																									
	Libraries																									
	Recreation Centres																									
	Primary Health Care Facilities																									
Environmental Management	Cemeteries																									
	Environmental Health																									
	Pollution Control																									
Legal	By-laws																									
	Licensing																									
Emergency Services	Fire & rescue																									
	Disaster Planning and Management																									
Community Safety	Public Safety																									
	Traffic Management																									
Public Transport																										
Municipal Planning	LED/IDP/Urban Planning																									
	Land use management																									
Housing																										
Technical Services	Roads and Stormwater																									
	Solid Waste and Landfill																									
	Water supply and waste water																									
	Electricity																									
SUB-TOTALS		2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0



SOC 400 Community and Personal Service Workers																										
Corporate Services	Core Admin																			0	0	0	0	0	0	0
	Core Finance																			0	0	0	0	0	0	0
	Legal																			0	0	0	0	0	0	0
	IT																			0	0	0	0	0	0	0
	Procurement																			0	0	0	0	0	0	0
HR and Training																				0	0	0	0	0	0	0
Financial Services	Property Valuation																			0	0	0	0	0	0	0
	Rates																			0	0	0	0	0	0	0
	Billing																			0	0	0	0	0	0	0
	Client Services																			0	0	0	0	0	0	0
Community Services	Parks																			0	0	0	0	0	0	0
	Community Facilities																			0	0	0	0	0	0	0
	Libraries																			0	0	0	0	0	0	0
	Recreation Centres																			0	0	0	0	0	0	0
	Primary Health Care Facilities																			0	0	0	0	0	0	0
	Cemeteries																			0	0	0	0	0	0	0
Environmental Management	Environmental Health																			0	0	0	0	0	0	0
	Pollution Control																			0	0	0	0	0	0	0
Legal	By-laws																			0	0	0	0	0	0	0
	Licensing																			0	0	0	0	0	0	0
Emergency Services	Fire & rescue																			0	0	0	0	0	0	0
	Disaster Planning and Management																			0	0	0	0	0	0	0
Community Safety	Public Safety																			0	0	0	0	0	0	0
	Traffic Management																			0	0	0	0	0	0	0
Public Transport																				0	0	0	0	0	0	0
Municipal Planning	LED/IDP/Urban Planning																			0	0	0	0	0	0	0
	Land use management																			0	0	0	0	0	0	0
Housing																				0	0	0	0	0	0	0
Technical Services	Roads and Stormwater																			0	0	0	0	0	0	0
	Solid Waste and Landfill																			0	0	0	0	0	0	0
	Water supply and waste water																			0	0	0	0	0	0	0
	Electricity																			0	0	0	0	0	0	0
SUB-TOTALS		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

SOC 500 Clerical and Administrative Workers																										
Corporate Services	Core Admin		3																							
	Core Finance	2	4																							
	Legal																									
	IT	1																								
	Procurement																									
HR and Training																										
Financial Services	Property Valuation																									
	Rates																									
	Billing																									
	Client Services																									
Community Services	Parks																									
	Community Facilities		1																							
	Libraries																									
	Recreation Centres																									
	Primary Health Care Facilities																									
	Cemeteries																									
Environmental Management	Environmental Health																									
	Pollution Control																									
Legal	By-laws																									
	Licensing																									
Emergency Services	Fire & rescue																									
	Disaster Planning and Management																									
Community Safety	Public Safety																									
	Traffic Management																									
Public Transport																										
Municipal Planning	LED/IDP/Urban Planning																									
	Land use management																									
Housing																										
Technical Services	Roads and Stormwater																									
	Solid Waste and Landfill																									
	Water supply and waste water																									
	Electricity																									
SUB-TOTALS		3	8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

SOC 700 Machine Operators and Drivers																										
Corporate Services	Core Admin																									
	Core Finance																									
	Legal																									
	IT																									
	Procurement																									
HR and Training																										
Financial Services	Property Valuation																									
	Rates																									
	Billing																									
	Client Services																									
Community Services	Parks																									
	Community Facilities																									
	Libraries																									
	Recreation Centres																									
	Primary Health Care Facilities																									
	Cemeteries																									
Environmental Management	Environmental Health																									
	Pollution Control																									
Legal	By-laws																									
	Licensing																									
Emergency Services	Fire & rescue																									
	Disaster Planning and Management																									
Community Safety	Public Safety																									
	Traffic Management																									
Public Transport																										
Municipal Planning	LED/IDP/Urban Planning																									
	Land use management																									
Housing																										
Technical Services	Roads and Stormwater																									
	Solid Waste and Landfill																									
	Water supply and waste water																									
	Electricity																									
SUB-TOTALS		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1







## Assessment of service providers

### Mamba Investments

Mamba Investments is the contracted company providing cleaning services at the municipal offices as from 1<sup>st</sup> August 2010 until 31<sup>st</sup> July 2013. Mamba Investments provides the following services for the Municipality and ensures the maintenance of these duties continuously:

- Supervision of employees engaged in the cleaning service.
- Care and preservation of the building, office furniture and equipment by providing cleaning services.
- Regular upkeep and maintenance of the cleanliness of the offices, including emptying of bins, dusting, mopping and vacuuming of offices.
- Ensuring that all toilets are adequately maintained with the replenishing of toilet papers, hand towels and liquid hand soap.
- Ensuring that office windows and doors are regularly cleaned.
- Ensuring that meeting venues and boardrooms are cleaned in advance before meetings.
- Ensuring that the kitchens are kept clean as well ensuring that management is served with tea/coffee when requested.

### Conclusion

In conclusion, Mamba Investments has been performing all the cleaning duties sufficiently and appropriately as required by the municipality.

### Enforce Security

Enforce Security is the contracted company providing cleaning services at the municipal offices as from 1<sup>st</sup> August 2011 until 31<sup>st</sup> July 2014. Enforce Security provides the security services at the following municipality properties:

- Maphumulo Multipurpose Community Centre (Thusong Centre)
- Maphumulo Municipality Offices
- Maphumulo Community Hall
- Maphumulo Business Units Complex
- Sakhuxolo Skills Development Centre and Maphumulo Market Stalls

Enforce Security is required to ensure the security provision of all the above sites and to submit monthly reports in respects of each month's state of security of all sites. The report highlights matters that may present a threat to the effective provision of security services.

Enforce Security has also maintained the requirement of sufficiently dealing with any incidents on the sites by preparing and submitting reports on incidents that have occurred and that have required immediate attention.

### Conclusion

In conclusion, Enforce Security has sustained the provision of the security duties professionally and appropriately as required by Maphumulo Municipality.



### **Rentokil / Initial**

Initial is the contracted company providing sanitary cleaning services for the municipality as from 1<sup>st</sup> August 2011 until 31<sup>st</sup> July 2014. Initial provides the sanitary cleaning services at the following municipality properties:

- Maphumulo Municipality Offices
- Sakhuxolo Skills Development Centre

Initial is required to ensure the sanitary cleaning services provision on the above sites as follows:

- Providing ablution hygiene- full and thorough sanitary cleaning of all the toilet systems.
- Eco-fresh - cleaning and servicing of the male urinary in all the male toilets.
- Sanitact regular – collection and cleaning of sanitary bins in all the female toilets.

### **Conclusion**

In conclusion, Rentokil/Initial has sustained the provision of maintaining the efficient sanitary servicing duties as required by Maphumulo Municipality.



## REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE AND THE COUNCIL ON MAPHUMULO MUNICIPALITY

### REPORT ON THE FINANCIAL STATEMENTS

#### Introduction

1. I have audited the financial statements of the Maphumulo Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2012, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

#### Accounting Officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2011 (Act No. 6 of 2011) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor-General's responsibility

3. My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Maphumulo Municipality as at 30 June 2012, and its financial performance and cash flows for the year then ended in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA.





### **Emphasis of matters**

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

### **Irregular expenditure**

8. As disclosed in note 37 to the financial statements, irregular expenditure amounting to R14,936 million was incurred during the year, mainly as a result of contracts awarded to suppliers in contravention of the Local Government: Municipal Supply Chain Management Regulations (GNR 868 of 30 May 2005)(Municipal SCM Regulations).

### **Material losses**

9. As disclosed in note 6 to the financial statements, material losses to the amount of R3,067 million were incurred as a result of a write-off of irrecoverable consumer debtors.

### **Material under spending of conditional grants**

10. As disclosed in note 16 to the financial statements, the municipality has materially underspent the Corridor Development and Integrated National Electrification Programme grants. As a consequence, the municipality has not achieved its objectives of service delivery for the electrification of households.

### **Additional matters**

11. I draw attention to the matters below. My opinion is not modified in respect of these matters.

### **Unaudited supplementary schedules**

12. The municipality provided supplementary information in the financial statements on whether resources were obtained and used according to the legally adopted budget, in accordance with GRAP 1, Presentation of financial statements. The supplementary budget information set out on pages XX to XX does not form part of the financial statements and is presented as additional information. Accordingly, I do not express an opinion thereon.

### **Unaudited supplementary information**

13. The supplementary information set out on pages XX to XX does not form part of the financial statements and is presented as additional information. I have not audited the schedules and, accordingly, I do not express an opinion thereon.

### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

14. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.



### **Predetermined objectives**

15. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages ... to ... of the annual report.
16. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information*.
17. The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).
18. There were no material findings on the annual performance report.

### **Additional matters**

19. Although no material findings concerning the usefulness and reliability of the performance information was identified in the annual performance report, I draw attention to the following matters below:

### **Achievement of planned targets**

20. Of the total number of planned targets, only 48 targets were achieved during the year under review. This represents 58% of total planned targets that were not achieved during the year under review.

### **Material adjustments to the annual performance report**

21. Material audit adjustments in the annual performance report were identified during the audit, all of which were corrected by management.

### **Compliance with laws and regulations**

22. I performed procedures to obtain evidence that the municipality has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the *General Notice* issued in terms of the PAA are as follows:

### **Annual financial statements**

23. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements in respect of trade and other payables, fixed assets and disclosure notes were identified by the auditors and subsequently corrected, resulting in the financial statements receiving an unqualified opinion. Material misstatements reported in previous years were also reported in the current year.



### **Audit committee**

24. The performance audit committee did not submit at least twice during the financial year, an audit report on the review of the performance management system to the council, as required by Municipal Planning and Performance Management Regulation 14(4)(a)(iii).

### **Procurement and contract management**

25. Goods and services with a transaction value of below R200 000 were procured without obtaining written price quotations from at least three different prospective providers as per the requirements of Municipal SCM Regulations 17(a) & (c).
26. The preference point system was not always applied in the procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act No. 5 of 2000.

### **Expenditure management**

27. Money owing by the municipality was not always paid within 30 days of receiving an invoice or statement, as required by section 65(2)(e) of the MFMA.
28. The accounting officer did not take reasonable steps to prevent irregular expenditure as required by section 62(1)(d) of the MFMA.

### **Internal control**

29. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for the findings on compliance with laws and regulations included in this report.

### **Leadership**

30. The accounting officer did not exercise adequate oversight over financial, performance reporting, compliance with laws and regulations as well as internal control. The accounting officer did not periodically assess whether staff members had essential skills and knowledge to support the achievement of credible reporting. Although an action plan was developed, there was a lack in monitoring the implementation of action plans to address internal control deficiencies as most of the findings reported in the previous year were again reported on in the current year.

### **Financial and performance management**

31. Adequate processes were not in place to communicate relevant information to oversight and regulatory parties, in that monthly reporting and reconciliation processes were not at optimal levels. This is evidenced by material corrections in the financial statements.
32. Adequate review and monitoring over Municipal SCM Regulations was not undertaken.



## Governance

33. The audit committee did not promote accountability and service delivery through evaluating and monitoring responses to risks and providing oversight over the effectiveness of the internal control environment, including financial and performance reporting and compliance with laws and regulations.

## OTHER REPORTS

### Investigations

34. A forensic investigation was initiated in the prior year based on the allegation of possible irregularity in relation to the SCM processes. The investigation was still ongoing at the reporting date.

*Auditor-General*

Pietermaritzburg

30 November 2012



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## Maphumulo Municipality – 2012 Audit Action Plan

ISSUE	AG ISSUE	AG RECOMMENDATION / ACTION TO BE TAKEN	BY WHO?	DEADLINE DATE
1	<p><b>Supply chain weaknesses</b></p> <p>No evidence was attached to the payment vouchers as proof that the following procurement of goods and/or services was made after obtaining 3 quotations as per the SCM requirements <b>or</b> where a deviation was approved, there was no such approval by a delegated official, attached to the expenditure vouchers</p>	<p>This will be investigated and the three quotes provided for audit / approval for deviation.</p> <p>The procurement manager will ensure that three quotes are obtained prior to placing an order and that these are attached to the payment vouchers.</p> <p>Management will review all payments during the year.</p> <p>A SCM compliance checklist which encompasses all of the requirements of the applicable SCM laws and regulations will be developed and implemented immediately. The SCM Manager will apply the preference point system for all procurement above R30 000 and together with the CFO perform regular reviews.</p>	SCM Manager	31/01/2013
3	<p><b>Creditors not paid within 30 days</b></p> <p>Money owing by the municipality was not always paid within 30 days of receiving an invoice or statement, as required by section 65(2)(e) of the MFMA. The following creditors totalling R1,9 million were not paid within 30 days of receipt of invoices.</p>	<p>A compliance checklist will be designed and implemented that addresses key legislated requirements. Adherence to payment terms will be monitored by the accounting officer, chief financial officer and cash flow committee on a monthly basis.</p> <p>All invoices will be stamped on receipt and recorded in a register, as evidence confirming that date of receipt.</p>	Chief Accountant	31/03/2013

4	<p><b>Unspent grants</b></p> <p>The balance for unspent grants has increased drastically from R3.9 million in the prior year to R23 million in the current year. This means that the municipality has received grant funds for specific projects, but not timely spent it for its purpose.</p> <p>This could lead to low public morale as service delivery should be the key focus area of the municipality.</p>	<p>Council, the accounting officer, performance audit committee and internal audit will perform adequate oversight regularly to ensure that grants monies received are spent for the benefit of the community.</p>	Chief Financial Officer	31/03/2013
7	<p><b>Composition of bid adjudication committee</b></p> <p>During the audit of procurement and contract management it was noted that powers and responsibilities of the bid adjudication committee in respect of the following awards were vested with the CFO as the municipality does not have a bid adjudication committee that is properly constituted as required by legislation.</p> <p>The following awards were made by the CFO and evidence of delegation by the accounting officer to do so was not provided for audit</p>	<p>The SCM manager will implement controls and processes to ensure that there is a bid adjudication committee in place.</p> <p>Approved delegation to the CFO to approve the abovementioned awards should also be provided for audit failing which the matter will be reported as irregular expenditure</p>	SCM Manager	31/03/2013
8	<p><b>Achievement of planned targets</b></p> <p>Of the 115 total number of planned targets, only 48 targets were achieved during the year under review. This means that 58% (&gt;20%) of total planned targets were not achieved during the year under review.</p>	<p>Compliance with section 46 of the MSA as well as the National Treasury guidelines on performance reporting will be closely monitored through a compliance checklist;</p> <p>Performance reporting will be subjected to internal audit and review by the accounting officer monthly.</p> <p>The accounting officer will certify the credibility of the performance results and report to council at least quarterly after validation by the audit committee</p>	Executive manager Corporate and Support Services	31/03/2013



12	<p><b>SDBIP not approved within legislated timeframe</b></p> <p>The service delivery and budget implementation plan (SDBIP) for 2011/12 financial year was only approved in May 2012.</p>	The MFMA compliance checklist will be used by the mayor to facilitate in compliance with the MFMA.	Executive manager Corporate and Support Services	31/03/2013
14	<p><b>Late adoption of the performance management system</b></p> <p>The council adopted the PMS on 02 May 2012, on this same day the SDBIP of the municipality detailing KPI and targets for the 2011/12 financial year was also adopted.</p>	The municipality will develop and implement a compliance checklist that addresses all pertinent MSA requirements. In this regard, the checklist will be monitored on a monthly basis to ensure that all the key requirements are adhered to, and instances of non-compliance will be subjected to quick corrective measures	Executive manager Corporate and Support Services	31/03/2013
36	<p><b>Incomplete details on asset register</b></p> <p>In terms of section 62(1) (b) of the MFMA the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.</p> <p>The following information is not contained in the fixed asset register:</p> <ul style="list-style-type: none"> <li>• The method of financing of the assets</li> <li>• Method of depreciation</li> <li>• The depreciation charge and carrying value for each completed year of use (only cumulative depreciation is reflected)</li> <li>• Assets impaired</li> <li>• Assets disposed</li> </ul>	The fixed asset register will be updated with the information highlighted.	Chief Financial Officer	31/03/2013

46	<p><b>Overtime – Non compliance with overtime policy Audit finding</b></p> <p>(a) During the audit of overtime it was noted that the following employees worked overtime prior to it being approved by the Municipal Manager and there is no evidence provided for audit to prove that the employee had been called out after hours for emergencies.</p> <p>(b) In terms of Section 10 of the Municipality's overtime policy, an employee may not be required or permitted to work more than three (3) hours overtime per day, or ten (10) hours overtime per week</p>	<p>The human resource must implement adequate controls to ensure that overtime worked is approved prior to the commencement of such overtime work, and also to ensure that overtime worked is not in excess of that required by the overtime policy.</p> <p>The missing documents should be located and provided for audit</p>	<p><b>Executive manager Corporate and Support Services</b></p>	<p><b>31/03/2013</b></p>
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*22	<p><b>* Acting appointments in position of Municipal Manager</b></p> <p>In terms of section 54A of the Municipal Systems Act, (1) the municipal council must appoint—</p> <ul style="list-style-type: none"> <li>(a) a municipal manager as head of the administration of the municipal council; or</li> <li>(b) an acting municipal manager under circumstances and for a period as prescribed.</li> </ul> <p>(2) A person appointed as municipal manager in terms of subsection (1) must at least have the skills, expertise, competencies and qualifications as prescribed.</p> <p>(2A) (a) A person appointed in terms of subsection (1) (b) may not be appointed to act for a period that exceeds three months.</p> <p>(2A)(b) A municipal council may, in special circumstances and on good cause shown, apply in writing to the MEC for local government to extend the period of appointment contemplated in paragraph (a), for a further period that does not exceed three months.</p> <ul style="list-style-type: none"> <li>• No evidence was provided for audit confirming the approval of the appointment of the acting MM or evidence to confirm that he had the necessary skills, expertise and qualifications for the acting position.</li> <li>• The acting MM acted as municipal manager for a period of 7 months and no evidence was provided for audit of the application made to the MEC for local government extending his period of employment.</li> </ul>	<p>Evidence that persons appointed in acting position of municipal manager had the skills, expertise, competencies and qualifications as prescribed, that the acting period did not exceed three months, if the period exceeded three months that a municipal council applied in writing to the MEC for local government to extend the period of appointment, should be provided for audit or the matter will be reported as non-compliance with the MSA</p>	<p><b>Executive manager Corporate and Support Services</b></p>	<p><b>31/03/2013</b></p>
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<b>50</b>	<p><b>Section 57 performance agreements not provided</b></p> <p>In terms of section 57(1) of the MSA, "a person to be appointed as municipal manager of a municipality, and a person to be appointed as a manager directly accountable to the municipal manager, may be appointed to that position only in terms of a written employment contract with the municipality; and subject to a separate performance agreement concluded annually". Copies of the performance agreements of all section 57 appointments, for the year under review were not provided for audit purposes.</p>	The annual performance agreements for all section 57 appointments have been signed and safely kept.	<b>Chief Financial Officer</b>	<b>31/03/2013</b>
<b>51</b>	<p><b>Municipal manager and senior manager evaluation panels not established.</b></p> <p>Through enquiry from management it was confirmed that the Municipality has not established an evaluation panel for the municipal manager and senior managers.</p>	The accounting officer will implement adequate controls to ensure that evaluation panels to perform annual performance evaluations for the MM and senior managers are established and reviews of performance are done annually	<b>Chief Financial Officer</b>	<b>31/03/2013</b>
<b>58</b>	<p><b>Errors on AFS</b></p> <p>In terms of paragraph 44 of GRAP 1, comparative information shall be disclosed in respect of the previous period for all amounts reported in the financial statements.</p>	<p>This will be investigated and the cash and cash equivalents note to the annual financial statements must be adjusted to reflect the correct amount.</p> <p>The CFO, accounting officer and audit committee will review the annual financial statements to ensure accuracy of all disclosed amounts.</p>	<b>Chief Financial Officer</b>	<b>31/03/2013</b>

## Notes to the Annual Financial Statements

Figures in Rand	2012	2011
VAT receivable		
VAT	2,385,890	520,602
Consumer debtors		
Gross balances	2,388,842	4,234,135
Less: Provision for debt impairment	(1,767,256)	(1,918,779)
Net balance		

# ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	1,221,586	2,325,356
Reconciliation of debt impairment provision on Consumer debtors		
Balance at beginning of the year	(1,918,779)	(1,782,034)
Contributions to provision	2,915,046	(1,072,979)
Debt impairment written off against provision	3,066,569	936,234
	(1,767,256)	(1,918,779)
Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	639	4,259
Bank balances and cash	39,779,941	8,537,400
	39,780,579	8,541,659
Financial assets	5,229,152	5,229,152
Financial liabilities	(5,229,152)	(5,229,152)



## General Information

<b>Legal form of entity</b>	Local Municipality
<b>Mayoral committee</b>	
Mayor	Cllr. H.N. Ngcobo (ANC - 01/07/2011- 30/06/2012)
Councillors	Cllr. H.N. Ngcobo (ANC- Exco Member) Cllr. V.E. Mbatha (ANC- Speaker) Cllr. M.P. Mbonambi (ANC - Deputy Mayor) Cllr. N.P. Nxumalo (IFP - Exco Member) Cllr. M.L. Ngidi (IFP - Exco Member) Cllr. E.V. Mhlongo (IFP - Councillor) Cllr. N.S. Ndlovu (NFP - Councillor) Cllr. A.T Xulu (NFP - Councillor) Cllr. D.J. Zubane (IFP - Councillor) Cllr. K.P. Ninela (IFP - Councillor) Cllr. N.P. Nxumalo (IFP - Councillor) Cllr. V. Nzama (ANC - Councillor) Cllr. S. Nyathikazi (IFP - Councillor) Cllr. M. Gasela (ANC - Councillors) Cllr. B. Luthuli (ANC - Councillors) Cllr. B.J. Mtshali (ANC - Councillor) Cllr. T.S. Sosibo (IFP - Councillor) Cllr. A. Chili (ANC- Councillor) Cllr. S. Shange (ANC - Councillor) Cllr. N. Kunene (ANC - Councillor) Cllr. J.L. Mpungose (IFP - Councillor) Cllr. L. Zondi (ANC - Councillor) Cllr. P. Ngcamu (ANC - Councillor)
<b>Grading of local authority</b>	2
<b>Accounting Officer</b>	Mr. V.W. Mhlongo (01/07/2011 - 30/09/2011) Mr N M Mkhize (01/10/2011-30/04/2012) Mr G S Majola (01/05/2012 - 30/06/2012)
<b>Chief Financial Officer (CFO)</b>	Mr. B. Ngubane
<b>Registered office</b>	MR 711, LOT 152 Maphumulo 4470
<b>Physical address</b>	MR 711, LOT 152 Maphumulo 4470
<b>Postal address</b>	Private Bag X 9205 Maphumulo 4470
<b>Bankers</b>	First National Bank
<b>Auditors</b>	Auditor General



## General Information

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Telephone number	032 481 4500
Fax Number	032 481 2053
Website	<a href="http://www.maphumulo.gov.za">www.maphumulo.gov.za</a>



## Index

The reports and statements set out below comprise the annual financial statements presented to the Council:

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## Accounting Officer's Responsibilities and Approval

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I the municipal manager am responsible for the preparation of these annual financial statements, which are set out on pages 8 to 44, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in the notes of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The annual financial statements set out on pages 5 to 44, which have been prepared on the going concern basis, were approved by the municipal manager on August 31, 2012 and were signed by him:

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**Acting Municipal Manager: G S Majola**



## Statement of Financial Position

Figures in Rand	Note(s)	2012	2011
<b>ASSETS</b>			
<b>Current Assets</b>			
Trade and other receivables	3	1,402,984	1,664,572
VAT receivable	4	2,335,899	520,602
Consumer debtors	5	1,221,586	2,355,356
Cash and cash equivalents	6	39,780,570	8,551,460
		<b>44,741,039</b>	<b>13,091,990</b>
<b>Non-Current Assets</b>			
Investment property	7	13,885,866	12,481,572
Property, plant and equipment	8	90,346,974	77,218,894
Intangible assets	9	515,602	613,079
Long term receivables	10	60,862	71,862
		<b>104,809,304</b>	<b>90,385,407</b>
<b>Total Assets</b>		<b>149,550,343</b>	<b>103,477,397</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Other financial liabilities	11	831,697	730,653
Lease obligation	12	720,522	469,014
Operating lease liability	13	39,484	8,432
Trade and other payables	14	11,943,620	9,172,419
Unspent conditional grants and receipts	15	22,623,216	3,926,059
Bank overdraft	6	-	9,804
		<b>36,158,539</b>	<b>14,316,381</b>
<b>Non-Current Liabilities</b>			
Other financial liabilities	11	6,982,672	8,257,745
Lease obligation	12	1,704,964	2,002,502
		<b>8,687,636</b>	<b>10,260,247</b>
<b>NET ASSETS</b>		<b>104,704,168</b>	<b>78,900,769</b>
<b>NET ASSETS</b>			
Accumulated surplus		104,704,168	78,900,769





## Statement of Financial Performance

Figures in Rand	Note(s)	2012	2011
<b>Revenue</b>			
Property rates	16	9,172,261	5,923,046
Rental of facilities and equipment		768,603	628,113
Government grants & subsidies	17	66,022,976	48,495,512
Bad debts recovered		3,836	13,885
Other income	19	249,683	549,450
Interest received - investment	20	1,580,891	500,559
<b>Total Revenue</b>		<b>77,798,250</b>	<b>56,110,565</b>
<b>Expenditure</b>			
Personnel	21	(14,536,492)	(11,975,503)
Remuneration of councillors	22	(4,808,880)	(3,971,762)
Depreciation and amortisation	23	(5,698,271)	(4,357,314)
Impairment loss/ Reversal of impairments		(213,662)	-
Finance costs	24	(1,327,142)	(1,503,980)
Auditors remuneration	25	(1,009,576)	(966,186)
Repairs and maintenance		(872,755)	(1,555,992)
Grant funded expenditure	38	(4,845,784)	(4,552,797)
General expenses	26	(18,682,280)	(13,414,539)
<b>Total Expenditure</b>		<b>(51,994,842)</b>	<b>(42,298,073)</b>
<b>Surplus for the year</b>		<b>25,803,408</b>	<b>13,802,212</b>



## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	62,083,071	62,083,071
Adjustments		
Prior year adjustments	3,015,486	3,015,486
<b>Balance at 01 July, 2010 as restated</b>	<b>65,098,557</b>	<b>65,098,557</b>
Changes in net assets		
Surplus for the year	13,802,212	13,802,212
Total changes	13,802,212	13,802,212
Opening balance as previously reported	78,890,956	78,890,956
Adjustments		
Prior year adjustments	9,804	9,804
<b>Balance at 01 July, 2011 as restated</b>	<b>78,900,760</b>	<b>78,900,760</b>
Changes in net assets		
Surplus for the year	25,803,408	25,803,408
Total changes	25,803,408	25,803,408
<b>Balance at 30 June, 2012</b>	<b>104,704,168</b>	<b>104,704,168</b>



## Cash Flow Statement

Figures in Rand	Note(s)	2012	2011
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Cash Receipts From Ratepayers, Government and Others		96,781,353	54,675,521
Interest Received		1,580,891	391,833
		<b>98,362,244</b>	<b>55,067,354</b>
<b>Payments</b>			
Cash Paid to Suppliers and Employees		(43,848,496)	(30,792,407)
Finance Cost		(1,327,008)	(1,503,980)
		<b>(45,175,504)</b>	<b>(32,296,387)</b>
<b>Net cash flows from operating activities</b>	27	<b>53,186,740</b>	<b>22,770,967</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	8	(20,326,429)	(18,659,106)
Proceeds from sale of property, plant and equipment	8	-	351,675
Purchase of investment property	7	-	(379,082)
Purchase of other intangible assets	9	(20,406)	(98,648)
Sale of businesses		-	-
Purchase of financial assets		-	(5,247,782)
Proceeds from sale of long term receivables		11,000	6,754
<b>Net cash flows from investing activities</b>		<b>(20,335,835)</b>	<b>(24,026,189)</b>
<b>Cash flows from financing activities</b>			
Repayment of other financial liabilities		(1,174,029)	(545,473)
Finance lease receipts (payments)		(469,014)	2,050,360
Other cash item		31,052	8,432
<b>Net cash flows from financing activities</b>		<b>(1,611,991)</b>	<b>1,513,319</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>31,238,914</b>	<b>258,097</b>
Cash and cash equivalents at the beginning of the year		8,541,656	8,283,559
<b>Cash and cash equivalents at the end of the year</b>	6	<b>39,780,570</b>	<b>8,541,656</b>



## Accounting Policies

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### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with South African Standards of Generally Recognised Accounting Practices (GRAP), and including any interpretations, guidelines and directives issued by the Accounting Standards Board. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP

These accounting policies are consistent with the previous year.

#### 1.1 Presentation of currency

These annual financial statements are presented in South African Rand. All figures are rounded to the nearest rand.

#### 1.2 Going concern assumption

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for ongoing operations.

#### 1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.



## Accounting Policies

### 1.3 Property, plant and equipment (continued)

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Depreciation is provided on a straight-line basis which, it is estimated, will reduce the carrying amounts of the assets to their residual values at the end of their expected useful lives. The current estimated useful lives of various assets are as follows:

Item	Average useful life
Land & building	10 - 30 years
Infrastructure assets	10 - 30 years
Plant and machinery	5 - 18 years
Furniture and fixtures	5 - 15 years
Motor vehicles	3 - 10 years
Office equipment	5 - 10 years
Computer hardware	3 - 7 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

### 1.4 Impairment

The carrying amounts of tangible and intangible assets are reviewed at each financial year end to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. An asset is impaired when its carrying amount exceeds its recoverable amount.

### 1.5 Disposal of property, plant & equipment

The gain or loss on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value of the asset on the date of disposal, and is recognised in the Statement of Financial Performance

### 1.6 Incomplete construction work

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is commissioned into use.



## Accounting Policies

### 1.7 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Intangible assets are carried at cost less accumulated amortisation and any impairment losses. Software is amortised on a straight-line basis over its anticipated useful life. Generally, costs associated with developing computer software programs are recognised as an expense as incurred. However, costs that are clearly associated with an identifiable and unique product, which will be controlled by the Municipality and have an probable benefit exceeding the cost beyond one year, are recognised as an intangible asset.

Expenditure which enhances and extends the benefits of computer software programs beyond the original life of the software is capitalised. Computer software development costs recognised as assets are amortised using the straight line method over their useful lives. Costs associated with the maintenance of existing computer software programs are expensed as incurred. Intangible assets with an infinite useful lives are not amortised and are recorded at cost.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Computer software, other	3 - 7 years
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### 1.8 Reserves

The municipality maintains no Reserves with exception of the Accumulated Surplus.





## Accounting Policies

### 1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

#### Municipality as Lessee

Finance lease assets and liabilities are recognised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the future minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the Statement of Financial Performance over the lease period so as to produce a constant periodic rate of interest on the remaining balances of the liability for each period. The property plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Operating leases are those leases which do not fall within the scope of the above definition. Payments made under operating leases are charged against income on a straight-line basis over the period of the lease.

The Municipality will not incur a foreign currency lease liability other than that allowed by the Municipal Finance Management Act, 2003 (Act 56 of 2003).

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

### 1.10 Financial instruments

#### Financial assets

The Municipality classifies its financial assets in the following categories:

- Loans and receivables.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. With regard to reclassifications of financial assets, the entity shall not reclassify a financial instrument into or out of the fair value through profit or loss category while it is held or issued. The Municipal Financial Management Act, 2003 (Act 56 of 2003) requires local authorities to invest funds, which are not immediately required, with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a penalty interest rate to meet commitments.

The Municipal Financial Management Act, 2003 (Act 56 of 2003) requires local authorities to invest funds, which are not immediately required, with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a penalty interest rate to meet commitments.

#### Initial recognition

Financial instruments are initially recognised at fair value.

#### Definition of financial asset

Any asset that is cash

-an equity instrument of another entity

-a contractual right

-to receive cash or another financial asset from another entity; or

-to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or

-a contract that will or may be settled in the entity's own equity instruments and is:

-a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments

-a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.



## Accounting Policies

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### 1.10 Financial instruments (continued)

#### Definition of financial liability

Any liability that is:

-a contractual obligation:

-to deliver cash or another financial asset to another entity; or

to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or

-a contract that will or may be settled in the entity's own equity instruments and is

-a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments or

-a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include: instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instrument.

#### Subsequent measurement

Financial instruments at fair value through surplus or deficit are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period.

Net gains or losses on the financial instruments at fair value through surplus or deficit include interest.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The Municipality's loans and receivables comprise "trade receivables and other receivables" and cash and cash equivalents.

#### Interest bearing borrowing

Interest bearing borrowings are recognised initially at fair value, net of transaction costs incurred. It should also be added that interest bearing borrowings are classified as non-current and current liabilities. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Financial Performance over the period of the borrowings using the effective interest method. Interest bearing borrowings are classified as non-current and current liabilities unless the municipality has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

#### Offsetting of financial assets and liabilities

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when and only when:

a) The Municipality has a legally enforceable right to set off the recognised amount; and

b) The Municipality intends either to settle on a net basis, or realise the asset and settle the liability simultaneously.

c) In accounting for a transfer of a financial asset that does not qualify for derecognition, the Municipality will not offset the transferred asset and the associated liability.

#### Derecognition

Financial assets are derecognised when the right to receive cash flows from the investments have expired or have been transferred, and the municipality has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost.





## Accounting Policies

### 1.10 Financial instruments (continued)

#### Impairment of financial assets

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified. Impairment losses recognised in the Statement of Financial Performance on equity instruments are not reversed through the Statement of Financial Performance.

#### Disposal

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

#### Counterparty exposure

The Municipality limits its counterparty exposure arising from money market by only dealing with well established financial institutions.

#### Trade and other payables

Trade creditors are paid within 30 Days. The Municipality does not discount the creditors and as a result we have not factored any discounting into the value of trade creditors and the face value is taken as invoice value.

#### Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position. Finance charges on bank overdrafts are expensed as incurred.

### 1.11 Provisions

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Provisions are recognised when the municipality has a present, legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and where a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at year end adjusted to reflect the best current estimate.

### 1.12 Revenue from exchange transactions

Revenue is derived from grants from other tiers of government, trading activities and other services provided. Revenue comprises the fair value of the consideration received or receivable in the ordinary course of activities. Revenue is shown net of value-added tax, returns, rebates and discounts. Revenue is recognised when it is probable that future economic benefits or service potential will flow to the municipality and these benefits can be measured reliably.

#### Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the



## Accounting Policies

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### 1.12 Revenue from exchange transactions (continued)

municipality.

- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### Interest earned on investments

Interest earned on investments is recognised on a time proportionate basis that takes into account the effective yield on the investment

### 1.13 Revenue from non-exchange transactions

#### Donations and contributions

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use. Revenue from public contributions is recognised when all conditions associated with the contribution have been met. Where these conditions have not been met, a liability is recognised. Contributed property, plant and equipment are recognised when such items of property, plant and equipment are brought into use. The fair value of the assets contributed is determined and recorded when the risks and rewards of ownership have been transferred.

#### Revenue from recovery of unauthorised, irregular, fruitless and wasteful expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act, 2003 (Act 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.



## Accounting Policies

### 1.13 Revenue from non-exchange transactions (continued)

#### Rates, including collection charges and penalties interest

Revenue from rates, including collection charges and penalty interest, is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- there has been compliance with the relevant legal requirements.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

#### Fines

Revenue from the issuing of fines is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the amount of the revenue can be measured reliably.

The municipality has two types of fines: spot fines and summonses. There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. An estimate is made for the revenue amount collected from spot fines and summonses based on past experience of amounts collected. Where a reliable estimate cannot be made of revenue from summonses, the revenue from summonses is recognised when the public prosecutor pays over to the entity the cash actually collected on summonses issued.

#### Levies

Levies are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the amount of the revenue can be measured reliably.

Levies are based on declarations completed by levy payers. The estimate of levies revenue when a levy payer has not submitted a declaration are based on the following factors:

- the extent and success of procedures to investigate the non-submission of a declaration by defaulting levy payers;
- internal records maintained of historical comparisons of estimated levies with actual levies received from individual levy payers;
- historical information on declarations previously submitted by defaulting levy payers; and
- the accuracy of the database of levy payers as well as the frequency by which it is updated for changes.

Changes to estimates made when more reliable information becomes available are processed as an adjustment to levies revenue.

#### Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.



## Accounting Policies

### 1.13 Revenue from non-exchange transactions (continued)

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

#### Other grants and donations

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

### 1.14 Conditional Grants & Receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. A liability is recognised when the criteria, conditions or obligations have not been met.

### 1.15 Borrowing costs

Borrowing costs resulting from financing of capital projects during the period of construction are capitalised into the asset developed. Any other borrowing costs are recognised as an expense in the Statement of Financial Performance.

### 1.16 Value Added Tax

The Municipality accounts for Value Added Tax on the cash basis.

### 1.17 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act, 2003(Act 56 of 2003).

Unauthorized expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.18 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act, 2003 (Act 56 of 2003), the Municipal Systems Act, 2000 (Act 32 of 2000), the Public Office Bearers Act, 1993 (Act 20 of 1998) or in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

Irregular expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance

### 1.19 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.20 Taxation

Municipality is exempt from tax in terms of section 10(1)(a) of the Income Tax Act.



## Accounting Policies

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### 1.21 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Investment Property consists of a building developed to generate rental revenue and boost economic development within the Municipality. The property is carried at cost less accumulated depreciation or impairment over its useful life. Rental revenue is recognised in the statement of performance when it is due or received.

#### Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

### 1.22 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

#### Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.





## Accounting Policies

### 1.23 Standards, amendments to standards and interpretations issued but not yet effective

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality

Standard	Details	Effective date	Implementation date by the municipality	
Effect of implementation on the AFS				
GRAP 18	Segment Reporting	Not yet determined	N/A	The objective of this Standard is to establish principles for reporting financial information by segments. This will not be applicable to our municipality as we do not have other segments.
GRAP 21	Related parties	Not yet determined	When it becomes effective	It will ensure that a reporting entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.
GRAP 23	"Revenue from Non-exchange Transactions (Taxes and Transfers)"	1-Jul-12	1-Jul-12	One of the key issues for municipalities is the difference between GRAP 23 and GAMAP 9 Revenue regarding the treatment of grants and other transfers. Under GAMAP 9, entities may have deferred the recognition of revenue from grants and other transfers until the related expenditure was incurred. GRAP 23 only allows the deferral of revenue when a valid obligation exists. A valid obligation only exists where a grant or transfer is subject to conditions, i.e. the resources (which may be cash or other assets) must be used in a certain way or returned to the transferor.

GRAP 24 "Presentation of Budget Information in the Financial Statements" 1-Jul-12 1-Jul-12 It will ensure that users of the financial statements understand the link between the budget and financial statements, hold entities accountable for their actual activities against what was planned, and how allocated resources were utilised.

GRAP 25 Employee benefits 1-Jul-12 1-Jul-12 "This standard will provide accounting principles for Salaries, wages and bonuses paid to employees, Contributions made to third parties, eg to insurance companies on behalf of employees or their dependants. Free or subsidised goods and services, such as free housing or medical care provided to employees or their dependants. Benefits provided to employees on retirement, eg entities may provide pension benefits to their employees, or agree to pay their medical aid or other medical expenses after retirement. Long-term benefits provided to oyees, such as sabbatical or long service leave, or disability benefits. Benefits paid to employees who either accept voluntary retrenchment packages or have their employment contracts terminated before retirement age."

GRAP 103 Heritage Assets 1-Jul-12 1-Jul-12 Although GRAP 103 will be applied retrospectively, we are granted a period of three years in which to measure their heritage assets. These transitional provisions are similar to those granted to medium and low capacity municipalities for other asset-related Standards. Although entities are allowed three years within which to comply with the initial and subsequent measurement requirements of the Standard, entities should undertake a physical verification of the heritage assets on hand at 30 June 2012 to assist in determining the opening balance for the 2012/13 reporting period.

GRAP 104 Financial Instruments 1-Jul-12 1-Jul-12 For the current year, we applied IAS 39 to formulate the accounting policy relating to financial instruments. The main difference between GRAP 104 and IAS 39 is the elimination of certain categories of financial assets in GRAP 104. As a result of these differences in categorisation, entities should analyse the financial assets recognised as at 30 June 2012 and categorise them using the requirements in GRAP 104.



## Notes to the Annual Financial Statements

Figures in Rand	2012	2011
<b>2. Prior period errors</b>		
<b>Statement of financial position</b>		
Other financial assets	-	9,804
<b>3. Trade and other receivables</b>		
Employee costs in advance	23,311	22,298
Game Stores	13,124	13,124
Rental	680,952	360,284
SARS - PAYE	884,104	884,104
Provision for doubtful debts	(317,509)	(107,427)
Sundry Debtor	63,067	101,567
Government subsidies	-	99,298
Prepaid expenses	-	110,000
Department of Human Settlement	55,935	175,660
Interest Receivables	-	5,664
	<b>1,402,984</b>	<b>1,664,572</b>
<b>Reconciliation of provision for impairment of trade and other receivables</b>		
Opening balance	107,427	315,056
Current year increase in provision	210,082	(108,332)
Unused amounts reversed	-	(99,297)
	<b>317,509</b>	<b>107,427</b>



## Notes to the Annual Financial Statements

Figures in Rand	2012	2011
<b>4. VAT receivable</b>		
VAT	2,335,899	520,602
<b>5. Consumer debtors</b>		
<b>Gross balances</b>		
Rates	2,988,842	4,274,135
<b>Less: Provision for debt impairment</b>		
Rates	(1,767,256)	(1,918,779)
<b>Net balance</b>		
Rates	1,221,586	2,355,356
<b>Rates</b>		
Current (0 -30 days)	109,266	2,143,023
31 - 60 days	178,399	48,261
61 - 90 days	94,399	45,057
91 - 120 days	93,074	40,525
121 - 365 days	727,080	78,490
	<b>1,221,586</b>	<b>2,355,356</b>
<b>Reconciliation of debt impairment provision on Consumer debtors</b>		
Balance at beginning of the year	(1,918,779)	(1,782,034)
Contributions to provision	(2,915,046)	(1,072,979)
Debt impairment written off against provision	3,066,569	936,234
	<b>(1,767,256)</b>	<b>(1,918,779)</b>
<b>6. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	629	4,256
Bank balances and cash	39,779,941	8,537,400
	<b>39,780,570</b>	<b>8,541,656</b>
First National Bank- main- 62023868998	5,426,192	496,013
ABSA- current- 4056102866	6,479,561	1,004,684





## Notes to the Annual Financial Statements

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### 6. Cash and cash equivalents (continued)

#### Cash investments

Account Description & Number	Opening Balance	Deposits	Interest	Payments	Closing Balance
ABSA Call A/C #:2071290533	3,029,092	-	60,749	3,089,841	-
ABSA Call A/C #: 9159847532	69,026	6,000,000	130,243	3,000,000	3,199,269
FNB Investments A/C #: 71044342667	292,768	5,664	15,872	-	308,640
FNB Investments A/C #: 74105603986	1,575,723	-	91,026	-	1,666,748
FNB Investments A/C #: 62207539795	2,052,298	3,027,862	52,466	3,000,000	2,132,626
FNB Investments A/C #:62346755301	-	13,001,389	218,649	-	13,220,038
Nedbank Investments #: 30955491	49,766	-	2,163	-	51,929
ABSA Call A/C #:2071802556	-	3,000,000	113,348	-	3,113,348
FNB Investments A/C #:74322595073	-	7,000,000	80,160	7,080,160	-
Nedbank Investments #:1323991107	-	4,000,000	181,590	-	4,181,590
	<b>7,068,673</b>	<b>36,034,915</b>	<b>946,266</b>	<b>16,170,001</b>	<b>27,874,188</b>

#### Current Accounts Held by the Municipality

Account Description & Number	Balance per Bank statement 2012	Balance per Bank statement 2011	Cash book balance 2012	Cash book balance 2011	Closing Balance
FNB Current Account # 62023868998	5,426,192	496,013	5,426,192	496,013	-
ABSA Current Account # 4056102866	6,479,561	1,004,684	6,479,561	1,004,684	-
	<b>11,905,753</b>	<b>1,500,697</b>	<b>11,905,753</b>	<b>1,500,697</b>	<b>-</b>

### 7. Investment property

	2012			2011		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
MPCC & Sakhuxolo Building	16,114,609	(2,228,743)	13,885,866	13,486,145	(1,004,573)	12,481,572



## Notes to the Annual Financial Statements

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### 7. Investment property (continued)

#### Reconciliation of investment property - 2012

	Opening balance	Transfers	Depreciation	Total
MPCC & Sakhuxolo Building	12,481,572	1,902,547	(498,223)	13,885,896

The fair value of the investment property is not reliably determinable on a continuing basis as comparative market transactions are infrequent, council consider fair value to approximately equate to cost.

#### Other disclosures

Total rental income from investment property	514,640	-
Total direct operating expenses arising from investment property that generated revenue	970,250	-
Total direct operating expenses arising from investment property that did not generated revenue	-	-

#### Details of property

##### MPCC Building

Total rental income from investment property	448,045	-
Total direct operating expenses arising from investment property that generated revenue	(526,679)	-
	<b>(78,634)</b>	<b>-</b>

##### Sakhuxolo Building

Total rental income from investment property	66,595	-
Total direct operating expenses arising from investment property that generated revenue	(443,571)	-
	<b>(376,976)</b>	<b>-</b>

### 8. Property, plant and equipment

	2012			2011		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Buildings	25,018,029	(3,079,095)	21,938,934	27,646,493	(2,985,858)	24,660,635
Plant and machinery	3,856,479	(1,906,969)	1,949,510	3,769,431	(1,826,766)	1,942,665
Furniture and fixtures	3,513,077	(839,973)	2,673,104	3,777,372	(704,001)	3,073,371
Motor vehicles	2,932,792	(952,585)	1,980,207	2,932,793	(554,461)	2,378,332
Office equipment	1,226,573	(288,726)	937,847	1,092,120	(244,541)	847,579
IT equipment	642,654	(282,183)	360,471	694,259	(283,393)	410,866
Infrastructure	44,242,051	(8,159,931)	36,082,120	30,479,539	(5,006,312)	25,473,227
Other property, plant and equipment	-	-	-	-	-	-
Capital work in progress	24,424,781	-	24,424,781	18,432,219	-	18,432,219
<b>Total</b>	<b>105,856,436</b>	<b>(15,509,462)</b>	<b>90,346,974</b>	<b>88,824,226</b>	<b>(11,605,332)</b>	<b>77,218,894</b>

#### Reconciliation of property, plant and equipment - 2012



## Notes to the Annual Financial Statements

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### 8. Property, plant and equipment (continued)

	Opening balance	Additions	Transfers	Depreciation	Impairment loss	Total
Land and Buildings	24,660,634	-	(1,902,517)	(819,183)	-	21,938,934
Plant and machinery	1,942,665	248,858	-	(192,986)	(49,027)	1,949,510
Furniture and fixtures	3,073,371	49,597	-	(322,507)	(127,357)	2,673,104
Motor vehicles	2,378,331	-	-	(398,123)	-	1,980,208
Office equipment	847,578	184,459	-	(88,314)	(5,876)	937,847
IT equipment	410,865	88,441	-	(107,436)	(31,400)	360,470
Infrastructure	25,473,227	-	13,762,511	(3,153,618)	-	36,082,120
Capital work in progress	18,432,219	19,755,073	(13,762,511)	-	-	24,424,781
	<b>77,218,890</b>	<b>20,326,428</b>	<b>(1,902,517)</b>	<b>(5,082,167)</b>	<b>(213,660)</b>	<b>90,346,974</b>



## Notes to the Annual Financial Statements

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### 8. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land and Buildings	24,048,683	1,539,208	-	-	(927,256)	24,660,635
Plant and machinery	2,144,421	31,695	-	-	(233,451)	1,942,665
Furniture and fixtures	446,739	2,890,068	-	-	(263,436)	3,073,371
Motor vehicles	694,661	2,492,106	(361,953)	-	(446,482)	2,378,332
Office equipment	524,701	346,730	-	-	(23,852)	847,579
IT equipment	217,608	281,283	-	-	(88,025)	410,866
Infrastructure	23,627,153	556,252	-	3,309,514	(2,019,692)	25,473,227
Capital work in progress	11,219,969	10,521,764	-	(3,309,514)	-	18,432,219
	<b>62,923,935</b>	<b>18,659,106</b>	<b>(361,953)</b>	<b>-</b>	<b>(4,002,194)</b>	<b>77,218,894</b>

#### Pledged as security

Office buildings MR 711, Lot 152, Maphumulo are secured over mortgage bond referred to note 11.

#### Assets subject to finance lease (Net carrying amount)

Motor vehicles	2,673,104	464,991
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### 9. Intangible assets

	2012			2011		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software, other	841,726	(326,124)	515,602	821,320	(208,241)	613,079

#### Reconciliation of intangible assets - 2012

	Opening balance	Additions	Amortisation	Total
Computer software, other	613,079	20,406	(117,883)	515,602

#### Reconciliation of intangible assets - 2011

	Opening balance	Additions	Amortisation	Total
Computer software, other	629,554	98,648	(115,123)	613,079

### 10. Long term receivables

Long term receivables - Non-current portion	60,862	71,862
Long term receivables - Current portion	-	-
Less: Provision for bad debts	-	-
	<b>60,862</b>	<b>71,862</b>



## Notes to the Annual Financial Statements

Figures in Rand	2012	2011
<b>11. Other financial liabilities</b>		
<b>Long term loans</b>		
FNB	7,814,369	8,988,398
	7,814,369	8,988,398
	-	-
The Loan is repayable quarterly payments of approximately R449 583.00 over 10 years and it bears interest of 12.8%. It is secured over a mortgage bond MR 711, Lot 152, Maphumulo, 1470		
<b>Non-current liabilities</b>		
Long term loans	6,982,672	8,257,745
<b>Current liabilities</b>		
Long term loans	831,697	730,653
	6,982,672	8,257,745
	831,697	730,653
	<b>7,814,369</b>	<b>8,988,398</b>
<b>12. Lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	720,522	715,268
- in second to fifth year inclusive	1,704,965	2,399,634
	2,425,487	3,114,902
less: future finance charges	(397,131)	(643,386)
<b>Present value of minimum lease payments</b>	<b>2,028,356</b>	<b>2,471,516</b>
<b>Present value of minimum lease payments due</b>		
- within one year	528,839	469,014
- in second to fifth year inclusive	1,896,647	2,002,502
	<b>2,425,486</b>	<b>2,471,516</b>
Non-current liabilities	1,704,964	2,002,502
Current liabilities	720,522	469,014
	<b>2,425,486</b>	<b>2,471,516</b>
<b>13. Operating lease accrual</b>		
Within one year	155,623	145,073
2 to 5 years	129,686	326,716
	(39,484)	(8,432)
Operating lease accrued	<b>(39,484)</b>	<b>463,357</b>
<b>14. Trade and other payables</b>		
Trade payables	4,082,821	2,472,373
Payments received in advanced - contract in process	818	-
Uncleared Cheques	368,550	2,955,663
Ilembe creditors	-	22,027
Accrued leave pay - Non Exchange	2,730,677	2,129,617
S&T Accruals - Non Exchange	-	5,565



## Notes to the Annual Financial Statements

Figures in Rand	2012	2011
<b>14. Trade and other payables (continued)</b>		
Petrol Card Accruals	33,793	28,837
Deposits received	14,809	9,662
Other payables - Control Accounts	20,951	20,950
Guarantees	1,099,711	-
VW Mhlongo - Non Exchange	272,625	13,316
Retention	3,318,165	1,514,409
Indemnity	700	-
	<b>11,943,620</b>	<b>9,172,419</b>

## 15. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

### Unspent conditional grants and receipts

Anti - Corruption	134,500	134,500
CCJC Woman	4,050	4,050
Corrido Development	9,000,000	-
Feasibility Study	39,261	39,261
Financial Management Grant	146,456	266,776
GIS Fund	246,468	246,468
Housing Sector Plan	2,543	-
IDP Grant	-	321
Infrastructure Investment Plan	14,622	14,622
Unspent public contributions and donations	1	170
Internal Controls	-	310
Kwashushu Hotsprings	190,476	190,476
MAP Project Consolidated	331,387	506,387
MDP Capacity Building	-	32,715
MPRA-Ilembe	28,869	28,869
MSIG PMS	-	5,254
Municipal Infrastructure Grant	-	268,611
Municipal System Improvement Grand	102,167	16,067
Operational Support MPCC	-	22,694
INEP	7,368,421	-
Small Town Rehabilitation Grant	4,131,684	1,291,489
Project Consolidated	73,181	73,181
Project Rates Implementation	1,409	1,409
Unspent grants 9	25,292	-
Sport grant	295,236	295,236
Titanium Mining	100,000	100,000
Urban Design Framework	17,193	17,193
Valuation Roll	370,000	370,000
	<b>22,623,216</b>	<b>3,926,059</b>

See APPENDIX G for reconciliation of grants from other spheres of government. These amounts are invested in a ring-fenced investment until utilised. Request has been made to Provincial Treasury Office for unutilized grants that remain as balance from prior year to the value of R1 125 988 to be spend on the other projects.





## Notes to the Annual Financial Statements

Figures in Rand	2012	2011
<b>16. Property rates</b>		
<b>Rates received</b>		
Property Rates	18,359,925	17,920,054
Less: Income forgone	(9,187,664)	(11,997,008)
	<b>9,172,261</b>	<b>5,923,046</b>

Property rates levied in terms of the Local Government: Municipal Property Rates Act No. 6 of 2004 with effect from 1 July 2009.

Randage applicable to all properties equal to 0.05.

Rebates amount to 30% for all categories except for Ingonyama Trust Board which receives a 50% rebate.

## 17. Government grants and subsidies Realised

Art & Craft	-	26,702
Capacity Support Grant	-	70,190
Equitable share	42,261,000	33,487,950
Financial Management Grant	1,570,319	1,151,446
IDP Grant	321	13,100
Induction training Grant	-	10,745
Inter - Departmental Monitoring	169	8,333
Government grants (capital) 7	-	149,690
KwaShushu Hotsprings	-	771,070
MAP Project Consolidated	175,000	-
MDP Capacity Building	32,715	-
Small Town Rehabilitation	1,159,805	408,511
Government grant (capital) 17	2,943,047	-
Government grant (operating) 3	(859)	-
MSIG PMS	5,254	-
Municipal Infrastructure Grant	17,149,611	9,575,903
MunicipalSystem Improvement Grant	703,900	1,391,804
Operational Support MPCC	22,694	382,566
Project Consolidated	-	54,238
Grant Income: Sports	-	993,264
	<b>66,022,976</b>	<b>48,495,512</b>

### Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

All registered indigents receive a monthly subsidy of , which is funded from the grant.

### Capacity Support Grant

Balance unspent at beginning of year	-	70,190
Conditions met - transferred to revenue	-	(70,190)
	-	-

### Feasibility Study

Balance unspent at beginning of year	39,261	39,261
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## Notes to the Annual Financial Statements

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### 17. Government grants and subsidies Realised (continued)

#### IDP Grant

Balance unspent at beginning of year	321	9,000
Conditions met - transferred to revenue	(321)	(8,679)
	<b>-</b>	<b>321</b>

#### Municipal System Improvement Grant

Balance unspent at beginning of year	16,067	657,870
Current-year receipts	790,000	750,000
Conditions met - transferred to revenue	(703,900)	(1,391,803)
	<b>102,167</b>	<b>16,067</b>

#### Financial Management Grant

Balance unspent at beginning of year	266,776	218,222
Current-year receipts	1,450,000	1,200,000
Conditions met - transferred to revenue	(1,570,320)	(1,151,446)
	<b>146,456</b>	<b>266,776</b>

This grant is funded by National Treasury to assist Local Government Pilot Municipality with Financial Management and Budget Reforms, as part of the National Reform program. No funds have been withheld.

#### MDP Capacity Building

Balance unspent at beginning of year	32,715	32,715
Conditions met - transferred to revenue	(32,715)	-
	<b>-</b>	<b>32,715</b>

#### Anti- Corruption

Balance unspent at beginning of year	134,500	134,500
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Conditions still to be met - remain liabilities (see note 15)

Provide explanations of conditions still to be met and other relevant information

#### MAP Project Consolidated

Balance unspent at beginning of year	506,387	506,387
Conditions met - transferred to revenue	(175,000)	-
	<b>331,387</b>	<b>506,387</b>

#### Project Consolidate

Balance unspent at beginning of year	73,181	127,419
Conditions met - transferred to revenue	-	(54,238)
	<b>73,181</b>	<b>73,181</b>





## Notes to the Annual Financial Statements

Figures in Rand	2012	2011
<b>17. Government grants and subsidies Realised (continued)</b>		
<b>Inter Departmental Monitoring</b>		
Balance unspent at beginning of year	170	8,502
Conditions met - transferred to revenue	(169)	(8,332)
	<b>1</b>	<b>170</b>
<b>Project Rates Implementation</b>		
Balance unspent at beginning of year	1,409	1,409
<b>Valuation Roll</b>		
Balance unspent at beginning of year	370,000	370,000
<b>MPRA-Ilembe</b>		
Balance unspent at beginning of year	28,869	28,869
<b>GIS Fund</b>		
Balance unspent at beginning of year	246,468	246,468
<b>Municipal Infrastructure Grant</b>		
Balance unspent at beginning of year	268,611	(3,015,486)
Current-year receipts	16,881,000	12,860,000
Conditions met - transferred to revenue	(17,442,973)	(9,575,903)
	<b>(293,362)</b>	<b>268,611</b>
This grant is used to construct roads and sewerage infrastructure as part of the capital expenditure (included in the roads and sewerage votes in Appendix B). No funds have been withheld.		
<b>Local Government SETA</b>		
Balance unspent at beginning of year	-	223,218
Conditions met - transferred to revenue	-	(223,218)
	-	-
This amount was recognised as a grant instead of a refund from LG Seta, therefore it was taken out to other income.		
<b>Internal Controls</b>		
Balance unspent at beginning of year	310	150,000
Conditions met - transferred to revenue	(310)	(149,690)
	-	<b>310</b>
<b>Arts and Craft</b>		
Balance unspent at beginning of year	-	26,702
Conditions met - transferred to revenue	-	(26,702)
	-	-



## Notes to the Annual Financial Statements

Figures in Rand	2012	2011
<b>17. Government grants and subsidies Realised (continued)</b>		
<b>Infrastructure Investment Plan</b>		
Balance unspent at beginning of year	14,622	14,622
<b>Public Participation</b>		
Balance unspent at beginning of year	-	3,168
Conditions met - transferred to revenue	-	(3,168)
	-	-
<b>Induction Training Grant</b>		
Balance unspent at beginning of year	-	10,745
Conditions met - transferred to revenue	-	(10,745)
	-	-
<b>Corrido Development</b>		
Current-year receipts	9,000,000	-
<b>Urban Design Framework</b>		
Balance unspent at beginning of year	17,193	17,193
<b>Titanium Mining</b>		
Balance unspent at beginning of year	100,000	100,000
<b>Operational Support MPCC</b>		
Balance unspent at beginning of year	22,694	405,261
Conditions met - transferred to revenue	(22,694)	(382,567)
	-	<b>22,694</b>
<b>Kwashushu Hotsprings</b>		
Balance unspent at beginning of year	190,476	(1,038,454)
Current-year receipts	-	2,000,000
Conditions met - transferred to revenue	-	(771,070)
	<b>190,476</b>	<b>190,476</b>
Conditions still to be met - remain liabilities (see note 15)		
Provide explanations of conditions still to be met and other relevant information		
<b>CCJC Woman</b>		
Balance unspent at beginning of year	4,050	4,050



## Notes to the Annual Financial Statements

Figures in Rand

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### 17. Government grants and subsidies Realised (continued)

#### Small Town Rehabilitation Grant

Balance unspent at beginning of year	1,291,489	-
Current-year receipts	4,000,000	1,700,000
Conditions met - transferred to revenue	(1,159,805)	(408,511)
	<b>4,131,684</b>	<b>1,291,489</b>

#### Sport grant

Balance unspent at beginning of year	295,236	1,288,500
Conditions met - transferred to revenue	-	(993,264)
	<b>295,236</b>	<b>295,236</b>

#### INEP Grant

Current-year receipts	10,000,000	-
Conditions met - transferred to revenue	(2,631,579)	-
	<b>7,368,421</b>	<b>-</b>

Conditions still to be met - remain liabilities (see note 15)

Provide explanations of conditions still to be met and other relevant information

### 18. Revenue

Property rates	9,172,261	5,923,046
Rental of facilities & equipment	768,603	628,113
Government grants & subsidies	66,022,976	48,495,512
	<b>75,963,840</b>	<b>55,046,671</b>

#### The amount included in revenue arising from exchanges of goods or services are as follows:

Rental of facilities & equipment	768,603	628,113
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#### The amount included in revenue arising from non-exchange transactions is as follows:

Property rates	9,172,261	5,923,046
Government grants & subsidies	66,022,976	48,495,512
	<b>75,195,237</b>	<b>54,418,558</b>

#### Lease Revenue

Not later than 1 year:	655,306	351,179
Later than 1 year but not later than five years	2,640,178	1,792,803
	<b>3,295,484</b>	<b>2,143,982</b>



## Notes to the Annual Financial Statements

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### 19. Other income

Tender document sales	74,093	153,100
Discount received	-	1,121
Other income	173,949	393,903
Administration fees and commission	1,641	1,326
	<b>249,683</b>	<b>549,450</b>

### 20. Investment revenue

#### Interest revenue

Investments	1,244,695	281,120
Interest charged on trade and other receivables	336,196	219,439
	<b>1,580,891</b>	<b>500,559</b>
	-	-
	<b>1,580,891</b>	<b>500,559</b>

### 21. Employee related costs

Basic	9,312,846	7,581,767
Medical aid - company contributions	470,915	388,413
UIF	82,649	70,068
SDL	129,237	104,886
Post-employment benefits - Pension - Defined contribution plan	937,293	898,036
Car allowance	545,861	350,250
Housing benefits and allowances	74,936	71,436
Cellphone Allowance	46,000	32,000
Group Life	14,354	19,048
	<b>11,614,091</b>	<b>9,515,904</b>

#### Remuneration of Municipal Manager: V W Mhlongo

Annual Remuneration	439,119	564,197
Travel Allowance	208,540	222,144
Housing	6,000	6,000
Other allowances	25,668	46,546
Contributions to UIF, Medical and Pension Funds	160,405	118,464
	<b>839,732</b>	<b>957,351</b>

#### Remuneration of Acting Municipal Manager: N M MKhize

Annual Remuneration	356,964	-
Travel Allowance	121,648	-
Contributions to UIF, Medical and Pension Funds	873	-
	<b>479,485</b>	-

#### Remuneration of Chief Finance Officer: B Ngubane

Annual Remuneration	618,633	583,176
Travel Allowance	215,767	203,400
Contributions to UIF, Medical and Pension Funds	-	-
	<b>834,400</b>	<b>786,576</b>



## Notes to the Annual Financial Statements

Figures in Rand	2012	2011
<b>21. Employee related costs (continued)</b>		
<b>Remuneration of the Director:Support Services: J I Mhlongo</b>		
Annual Remuneration	529,858	468,901
Travel Allowance	162,544	153,228
Contributions to UIF, Medical and Pension Funds	76,383	93,543
	<b>768,785</b>	<b>715,672</b>
<b>22. Remuneration of councillors</b>		
Mayor	536,334	-
Deputy Executive Mayor	239,283	-
Mayoral Committee Members	544,290	2,506,195
Speaker	259,586	-
Councillors Allowances	2,278,846	883,564
Skills Development	41,512	5,581
Cellphone Allowance	194,492	225,078
Councillors Medical Aid Contributions	-	104,114
Councillors Pension fund Contributions	20,316	247,230
Travell Allowance	694,221	-
	<b>4,808,880</b>	<b>3,971,762</b>
<b>23. Depreciation and amortisation</b>		
Property, plant and equipment	5,082,167	4,357,314
Investment property	498,223	-
Intangible assets	117,883	-
	<b>5,698,273</b>	<b>4,357,314</b>
<b>24. Finance Costs</b>		
Interest Expense	1,327,142	1,503,980
<b>25. Auditors' remuneration</b>		
Fees	1,009,576	966,186



## Notes to the Annual Financial Statements

Figures in Rand	2012	2011
<b>26. General expenses</b>		
Advertising	379,143	420,680
Agriculture expenses	-	6,700
Audit Committee	37,208	9,316
Bad Debts	3,066,569	6,754
Bank charges	24,812	75,961
Billing charges	13,545	19,838
Cleaning	1,254,826	845,785
Community Awareness	543,008	1,176,184
Consulting and professional fees	1,366,506	934,696
Electricity and Water	597,984	627,646
Emergency relief & disaster	68	-
Entertainment	127,410	217,136
Contribution to bad debts provision	58,559	973,681
Free Basic Services	378,292	494,872
Fuel and oil	494,821	414,806
IDP Review	61,060	119,514
Land use Management	200,266	-
Insurance	201,030	241,162
Internal Audit	470,589	539,690
LED Projects	9,715	4,900
Licences	28,120	89,888
Magazines, books and periodicals	594	975
Mayoral Office	2,202	37,126
Medical Exams	2,706	8,209
Membership fees	499,480	102,755
Other expenses	2,069,922	93,269
Postage and courier	924	1,614
Printing and stationery	168,203	775,549
Purchase of refuse bags	28,900	-
Leave encashment	974,971	614,587
Revitalisation of cane Product	-	198,650
Rent - Plant, Vehicles and Other	543,298	437,083
Security	2,110,763	2,092,869
Sports	680,154	194,604
Tourism Strategy	203,060	-
Subsistence and travel Conferences	161,546	302,144
Telephone and fax	678,898	557,211
Development of Services	675,838	-
Training	270,181	420,906
Uniforms	22,960	10,774
Venue expenses	-	4
Workshop / Conferences / Meeting	274,149	347,001
	<b>18,682,280</b>	<b>13,414,539</b>





## Notes to the Annual Financial Statements

Figures in Rand	2012	2011
<b>27. Cash generated from operations</b>		
Surplus	25,803,408	13,802,212
<b>Adjustments for:</b>		
Depreciation and amortisation	5,698,271	4,357,314
Loss on disposal of assets and liabilities	-	10,280
Interest income	(1,580,891)	(391,833)
Finance costs	1,327,008	1,503,980
Impairment deficit	213,662	-
Bad debt recovered	(3,836)	-
Movements in operating lease assets and accruals	-	8,432
Other non cash item	119,951	-
Contribution to / from provisions	210,082	1,072,979
Other non-cash items	601,061	271,170
<b>Changes in working capital:</b>		
Trade and other receivables	261,587	418,520
Consumer debtors	1,061,455	(1,761,280)
Trade and other payables	2,593,122	1,651,396
VAT	(1,815,297)	2,051,768
Unspent conditional grants and receipts	18,697,157	(223,971)
	<b>53,186,740</b>	<b>22,770,967</b>
<b>28. Utilisation of Long-term liabilities reconciliation</b>		
Long-term liabilities raised	7,814,369	8,988,398
Used to finance property, plant and equipment	(7,814,369)	(8,988,398)
	-	-
<b>29. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Approved and contracted for:</b>		
• Infrastructure	23,187,997	49,734,570
• Land & Buildings	1,708,098	500,000
• Community Assets	852,074	53,429,774
	<b>25,748,169</b>	<b>103,664,344</b>
<b>Approval and not yet contracted</b>		
• Infrastructure	66,327,178	-
• Land & Buildings	7,123,647	-
• Community	17,216,123	-
	<b>90,666,948</b>	-

This committed expenditure relates to property and payment made subject to approval of the project.

### 30. Contingencies

Currently there is a case of in court elated to an employee that was removed from her position to another. According to our attorneys opinion we the municipality stands a good chance to this case but if we loose it, the maximum expenditure that we we will incurr will be R100 000.00



## Notes to the Annual Financial Statements

Figures in Rand	2012	2011
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### 31. Financial Instruments

Exposure to currency, interest rate, credit risk and liquidity risks arise in the normal course of the Municipalities's business

#### Financial risk management

The Municipalities has exposure to the following risks from its use of financial instruments:

Liquidity Risk  
Interest Rate Risk  
Credit Risk

This note presents information about the Municipality's exposure to each of the above risks and its objectives, policies and processes for measuring and managing risks. Further quantitative disclosures are included throughout these financial statements

The Council and the Accounting Officer have overall responsibility for the establishment and oversight of the Municipality's risk management framework. The Municipality's risk management policies are established to identify and analyse the risks faced by the Municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Municipality's activities.

The Municipality through its training and management standards and procedures, aims to develop a disciplined and constructive environment in which all employees understand their roles and obligations

#### Financial Assets

Total assets	44,741,039	13,091,990
Trade and other receivables	4,960,469	4,540,530
Cash and cash equivalents	39,780,570	8,551,460

#### Financial Liabilities

Total liability	44,806,691	24,558,392
Loans Received	7,814,369	8,988,398
Trade & other Payables	11,943,620	9,172,419
Finance Lease	2,425,486	2,471,516
Unspent Grants	22,623,216	3,926,059

The Accounting Officer is of the opinion that the values reflected in the Financial statements are a true reflection of Fair values of both the Financial Assets and Liabilities.

The fair value of trade & other receivable is estimated to be the actual receipts expected adjusted for possibility of doubtful debt. Payables are settled within 30 days of receipt of invoice and therefore are reflected at the settlement amount.

#### Liquidity risk

Liquidity risk is the risk that the Municipality will encounter difficulty in raising funds to meet its commitments. The Municipality's approach to managing liquidity is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Municipality's reputation. The bulk portion of investments held are short term and can be converted when required. The loan raised was raised for the development of the Municipal Offices at a fixed rate through out the period of repayment  
Total balance of liquidity risk R9 202 387.





## Notes to the Annual Financial Statements

Figures in Rand

2012

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### 31. Financial Instruments (continued)

#### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate owing to changes in market interest rates. The Municipality's level of borrowing and consequently the debt servicing costs are closely monitored and controlled by the EXCO having regard to the prevailing and projected interest rates and the Municipality's capacity to service such debt from future earnings and allocations however the long term loan's interest rate is fixed throughout the term of repayment.

Balances exposed to the interest rate risk

Investments	27,874,188	7,068,673
Cash & Cash investment	11,906,382	1,437,401
	<b>39,780,570</b>	<b>8,506,074</b>

#### Credit risk

Credit risk is the risk that the counterparty to a financial instrument will default on its obligation to the Municipality, thereby causing financial loss to the Municipality. It is the Municipality's policy that all customers who wish to trade on credit terms are subject to payment of a deposit. In addition, receivable balances are monitored on an ongoing basis with the result that the Municipality's exposure to bad debts is not significant. A provision is made for doubtful debts. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the balance sheet.

Trade and other receivables from exchange transactions	1,402,984	1,445,464
VAT receivable	2,335,899	535,830
Consumer debtors	1,221,586	2,135,918
	<b>4,960,469</b>	<b>4,117,212</b>

The ageing of trade receivables at the reporting date was

	2012 Gross	2012 Impairment	2011 Gross	2011 Impairment
Current	2,492,441	755,645	3,345,917	3,226,116
Past Due: 31 - 60	553,423	-	41,556	-
Past Due: 61 - 90	263,085	-	41,556	-
More than 90	1,651,520	1,329,120	625,668	731,227

### 32. Related parties

The Municipal Manager is the chairperson of the IEC within the Municipal jurisdiction. The IEC has rented office space from the municipality.

#### Related party transactions

The transactions entered into during the year by the Municipality and the IEC are as follows:

Rental Income received from IEC	25,794	19,348
Accounts receivable from the IEC	11,695	6,449

There were no other related parties transactions during the year.



## Notes to the Annual Financial Statements

Figures in Rand	2012	2011
<b>33. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Audit fees</b>		
Current year subscription / fee	1,113,672	966,186
Amount paid - current year	(1,113,672)	(966,186)
	-	-
<b>VAT</b>		
VAT receivable	2,335,899	520,602
VAT output payables and VAT input receivables are shown in note 4.		
All VAT returns have been submitted by the due date throughout the year.		
<b>PAYE and UIF</b>		
Current year payroll deductions	3,394,904	2,513,121
Amount paid - current year	(3,394,904)	(2,513,121)
	-	-
<b>Pension and Medical Aid Deductions</b>		
Opening balance	-	-
Current year payroll deductions and Councillors'	1,422,562	1,056,114
Amount paid - current year	(1,422,562)	(1,056,114)
	-	-
<b>34. Operating lease</b>		
The amounts of minimum lease payments under non-cancellable operating leases in respect of photocopier equipment are as follows for:		
<b>Equipment</b>		
- Within one year	166,834	145,073
- In second to fifth year inclusive	159,883	326,717
	<b>326,717</b>	<b>471,790</b>
<b>35. Unauthorised expenditure</b>		
Unauthorised expenditure awaiting authorization	-	1,179,993
Less: Amounts condoned	-	(1,179,993)
	-	-
This is in relation to over-expenditure on line items. The overall budget of the vote was not exceeded.		
<b>36. Fruitless and wasteful expenditure</b>		
Fruitless and wasteful expenditure	13,000	-
The above expenditure was caused by interest charged on late payments of telephone account.		



## Notes to the Annual Financial Statements

Figures in Rand	2012	2011
<b>37. Irregular expenditure</b>		
Opening balance	-	2,845,883
Add: Irregular Expenditure - current year	14,936,021	17,064,180
Less: Amounts condoned	-	(8,199,572)
Less: Amounts not recoverable (not condoned)	-	(11,710,491)
	<b>14,936,021</b>	<b>-</b>

### Details of irregular expenditure – current year

Irregular expenditure occurred as a result of non compliance with section 17 (1)(c) of SCM regulation and expenditure is not recoverable, therefore it will be taken to the council for approval.

Irregular expenditure identified above will be investigated & reported accordingly. the documents relating to projects could not be given to auditors because they were taken by investigators.

DEVIATION FROM SUPPLY CHAIN MANAGEMENT SYSTEM 1,549,983

Procurement was done with less than three quotations, The total value of the expenditure amount to R 1 549 983

Expenditure were regularized by the council.

**1,549,983**

### 38. Grants and subsidies paid

#### Other subsidies

Grant Exp: Sports & Recreation Grant	-	945,264
Group co ID 2	322	167,294
Grant Exp: Arts & Craft	-	26,702
Grant Exp: Capacity Support Grant	294	70,190
Grant Exp: Fin Mangt Grant	1,489,706	1,128,435
Grant Exp: IDP Grant	-	13,100
Grant Exp: Induct Training Grant	-	10,745
Grant Exp: Inter Dep. Monitoring	851	8,333
Grant Exp: Internal Control	310	149,690
Grant Income: MDP Capacity Building	32,715	-
Grant Income: MSIG	717,864	-
Group co ID 20	2,603,722	2,033,044
	<b>4,845,784</b>	<b>4,552,797</b>
Grants paid to ME's	-	-
Other subsidies	4,845,784	4,552,797



## Notes to the Annual Financial Statements

Figures in Rand	2012	2011
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### 39. Change in estimate

#### Property, plant and equipment

The useful life of certain property, plant and equipment was reviewed regularly by management. In the current period management have revised their estimate. The effect of this revision has decreased the accumulated depreciation charges for the current and future periods by R 99,020

### 40. Events after the reporting date

Management are not aware of any material events that may have occurred between balance sheet date and the date of signing of the financial statements.

### 41. Deviation from supply chain management regulations

Deviation occurred as a result of applying section 36 of supply chain management. R 1 450 478.59

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

### 42. Retirement Benefits Information

The Municipality's employees are members of Natal Joint Municipal Pension Fund (a State and Multi Employer Defined Benefit Plan). Along with other Municipalities in the province of KwaZulu Natal, Maphumulo Local Municipality participates in a multi employer defined plan. Because the plan exposes the participating entities to actuarial risks associated with the current and former employees of other municipalities participating in the plan there is no consistent and reliable basis for allocating the obligation, plan assets and cost to individual municipalities participating in the plan. Maphumulo Local Municipality therefore accounts for the plan as if were defined contribution plan per GRAP 25 Employee Benefits.

# Notes to the Annual Financial Statements

Figures in Rand

## 43. Statement of comparative and actual information

2012

### Financial Performance

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Virement (i.t.o.council approved)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Property rates	8,884,570	8,884,570		8,884,570	9,172,261		(287,691)	103 %	103 %
Service charges	300,000	-		-	-		-	DIV/0 %	- %
Investment revenue	431,061	629,789		629,789	1,580,891		(951,102)	251 %	367 %
Transfers recognised - operational	51,496,240	47,243,043		47,243,043	45,907,624		1,335,419	97 %	89 %
Other own revenue	1,325,559	1,040,753		1,040,753	1,022,122		18,631	98 %	77 %
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>62,437,430</b>	<b>57,798,155</b>		<b>57,798,155</b>	<b>57,682,898</b>		<b>115,257</b>	<b>100 %</b>	<b>92 %</b>
Employee costs	(16,058,019)	(17,072,219)	-	(17,072,219)	(14,536,492)	-	(2,535,727)	85 %	91 %
Remuneration of councillors	(6,835,397)	(5,284,497)	-	(5,284,497)	(4,808,880)	-	(475,617)	91 %	70 %
Debt impairment	(360,000)	(360,000)		(360,000)	(3,066,569)	-	2,706,569	852 %	852 %
Depreciation and asset impairment	(3,000,000)	(6,525,499)		(6,525,499)	(5,911,933)	-	(613,566)	91 %	197 %
Finance charges	(1,118,842)	(1,505,000)	-	(1,505,000)	(1,327,142)	-	(177,858)	88 %	119 %
Transfers and grants	(1,884,750)	(600,000)	-	(600,000)	(4,845,784)	-	4,245,784	808 %	257 %
Other expenditure	(25,914,801)	(24,858,745)	-	(24,858,745)	(17,498,042)	-	(7,360,703)	70 %	68 %
<b>Total expenditure</b>	<b>(55,171,809)</b>	<b>(56,205,960)</b>	-	<b>(56,205,960)</b>	<b>(51,994,842)</b>	-	<b>(4,211,118)</b>	<b>93 %</b>	<b>94 %</b>
Total revenue (excluding capital transfers and contributions)	62,437,430	57,798,155	-	57,798,155	57,682,898	-	115,257	100 %	92 %
Total expenditure	(55,171,809)	(56,205,960)	-	(56,205,960)	(51,994,842)	-	(4,211,118)	93 %	94 %
<b>Surplus/(Deficit)</b>	<b>7,265,621</b>	<b>1,592,195</b>		<b>1,592,195</b>	<b>5,688,056</b>		<b>(4,095,861)</b>	<b>357 %</b>	<b>78 %</b>

# Notes to the Annual Financial Statements

Figures in Rand

## 43. Statement of comparative and actual information

2012

Financial Performance	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Virement (i.t.o.council approved)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Property rates	8,884,570	8,884,570		8,884,570	9,172,261		(287,691)	103 %	103 %
Service charges	300,000	-		-	-		-	DIV/0 %	- %
Investment revenue	431,061	629,789		629,789	1,580,891		(951,102)	251 %	367 %
Transfers recognised - operational	51,496,240	47,243,043		47,243,043	45,907,624		1,335,419	97 %	89 %
Other own revenue	1,325,559	1,040,753		1,040,753	1,022,122		18,631	98 %	77 %
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>62,437,430</b>	<b>57,798,155</b>		<b>57,798,155</b>	<b>57,682,898</b>		<b>115,257</b>	<b>100 %</b>	<b>92 %</b>
Employee costs	(16,058,019)	(17,072,219)	-	(17,072,219)	(14,536,492)	-	(2,535,727)	85 %	91 %
Remuneration of councillors	(6,835,397)	(5,284,497)	-	(5,284,497)	(4,808,880)	-	(475,617)	91 %	70 %
Debt impairment	(360,000)	(360,000)		(360,000)	(3,066,569)	-	2,706,569	852 %	852 %
Depreciation and asset impairment	(3,000,000)	(6,525,499)		(6,525,499)	(5,911,933)	-	(613,566)	91 %	197 %
Finance charges	(1,118,842)	(1,505,000)	-	(1,505,000)	(1,327,142)	-	(177,858)	88 %	119 %
Transfers and grants	(1,884,750)	(600,000)	-	(600,000)	(4,845,784)	-	4,245,784	808 %	257 %
Other expenditure	(25,914,801)	(24,858,745)	-	(24,858,745)	(17,498,042)	-	(7,360,703)	70 %	68 %
<b>Total expenditure</b>	<b>(55,171,809)</b>	<b>(56,205,960)</b>	-	<b>(56,205,960)</b>	<b>(51,994,842)</b>	-	<b>(4,211,118)</b>	<b>93 %</b>	<b>94 %</b>
Total revenue (excluding capital transfers and contributions)	62,437,430	57,798,155	-	57,798,155	57,682,898	-	115,257	100 %	92 %
Total expenditure	(55,171,809)	(56,205,960)	-	(56,205,960)	(51,994,842)	-	(4,211,118)	93 %	94 %
<b>Surplus/(Deficit)</b>	<b>7,265,621</b>	<b>1,592,195</b>		<b>1,592,195</b>	<b>5,688,056</b>		<b>(4,095,861)</b>	<b>357 %</b>	<b>78 %</b>

## Notes to the Annual Financial Statements

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Virement (i.t.o.council approved)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	31,881,000	41,940,434		41,940,434	20,115,352		21,825,082	48 %	63 %
Surplus/(Deficit)	7,265,621	1,592,195	-	1,592,195	5,688,056	-	(4,095,861)	357 %	78 %
Capital transfers and contributions	31,881,000	41,940,434	-	41,940,434	20,115,352	-	21,825,082	48 %	63 %
<b>Surplus (Deficit) after capital transfers and contributions</b>	<b>39,146,621</b>	<b>43,532,629</b>		<b>43,532,629</b>	<b>25,803,408</b>		<b>17,729,221</b>	<b>59 %</b>	<b>66 %</b>
Surplus (Deficit) after capital transfers and contributions	39,146,621	43,532,629	-	43,532,629	25,803,408	-	17,729,221	59 %	66 %
<b>Surplus/(Deficit) for the year</b>	<b>39,146,621</b>	<b>43,532,629</b>		<b>43,532,629</b>	<b>25,803,408</b>		<b>17,729,221</b>	<b>59 %</b>	<b>66 %</b>